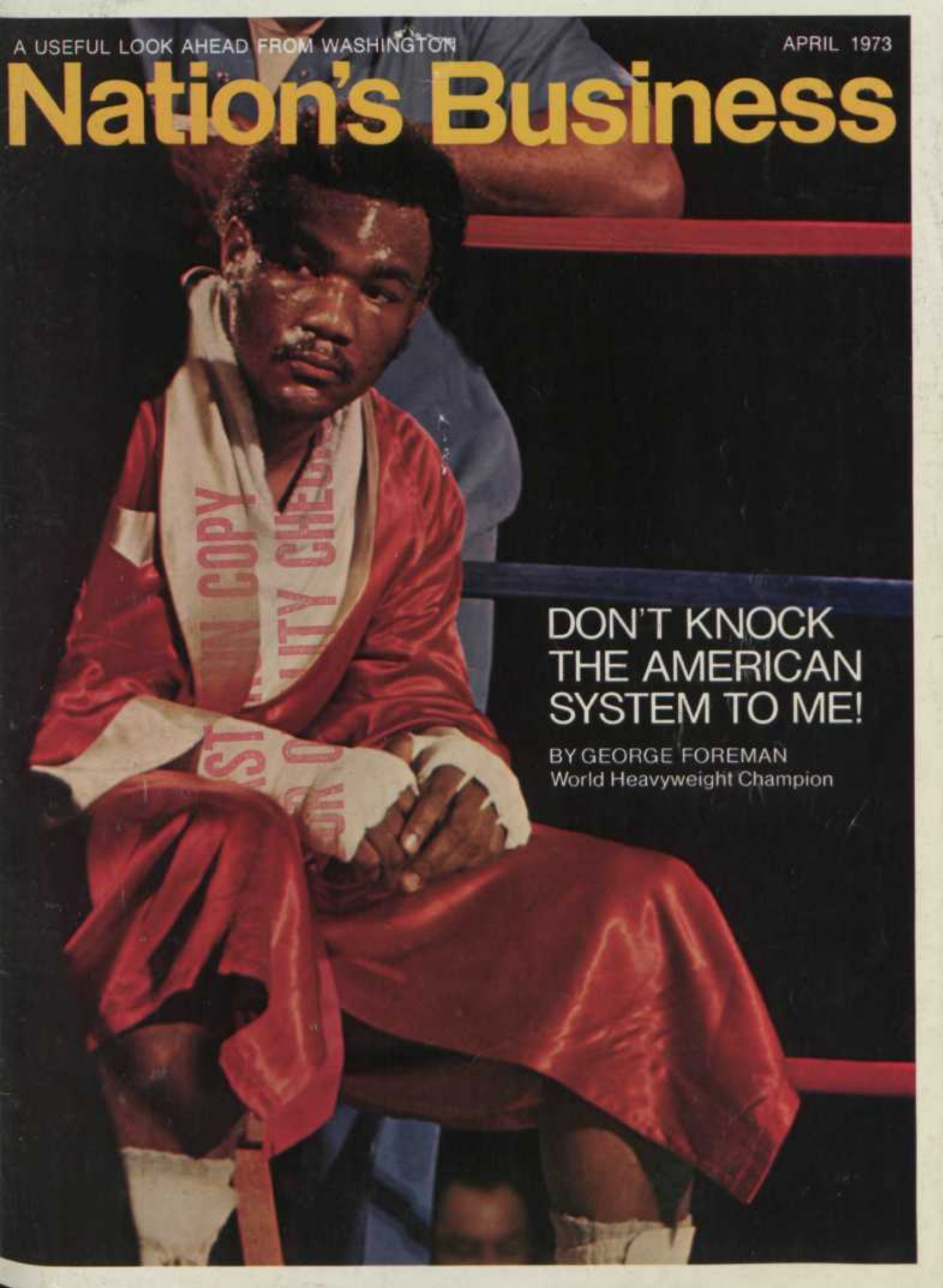


A USEFUL LOOK AHEAD FROM WASHINGTON

APRIL 1973

Nation's Business

A photograph of George Foreman, the World Heavyweight Champion, sitting in a boxing ring. He is wearing a red robe and has a white towel draped over his shoulders. The towel has the words "WIN COPY" and "CITY CHE" printed on it. He is looking directly at the camera with a serious expression. The background is dark, and the ring ropes are visible.

DON'T KNOCK
THE AMERICAN
SYSTEM TO ME!

BY GEORGE FOREMAN
World Heavyweight Champion

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So next time you need a quote on your business insurance, give us a call. Or come see us at Sears or an Allstate office.

You don't need a whole bunch of business insurance policies. Just one good one. The Great Simplifier.



"It sure makes things simpler."

Allstate
You're in good hands.

Nation's Business

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*Worldridge
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We've breached the frontier, declares a NASA expert, and now it's time to use our Skylab program to work on some of mankind's crucial problems

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Cover photograph by Neil Leifer/Sports Illustrated © Time Inc.

Nation's Business is published monthly at 1615 H Street N.W., Washington, D.C. 20006. Subscription rates: United States and possessions \$29.75 for three years; Canadian \$12 a year. Printed in U.S.A. Second class postage paid at Washington, D.C., and at additional mailing offices. © 1973 by Nation's Business—the Chamber of Commerce of the United States. All rights reserved. Nation's Business is available by subscription only. Postmaster: please send form 3579 to 1615 H Street N.W., Washington, D.C. 20006.
Editorial Headquarters—1615 H Street N.W., Washington, D.C. 20006. Circulation Headquarters—1615 H Street N.W., Washington, D.C. 20006. Advertising Headquarters—711 Third Avenue, New York, N.Y. 10017. Atlanta: James M. Yandle, 62 Perimeter Center East; Chicago: Herbert F. Ohmeis Jr., 233 North Michigan Ave.; Cleveland: Gerald A. Warren, 1046 Hanna Building; Detroit: Robert H. Gotshall, 825 Fisher Building; Houston: McKinley Rhodes Jr., 2990 Richmond Avenue; New York: Raymond P. Murray, 711 Third Avenue; Philadelphia: Herman C. Sturm, 1034 Suburban Station Building; San Francisco: Hugh Reynolds, 605 Market Street; Los Angeles: Scott, Marshall & Sands, Inc., 1830 West Eighth Street.

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McLean Arbitration is often a far better way, many firms have found, to adjudicate the myriad hassles—other than labor quarrels—that arise in doing business

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O'Leary The businessman who takes a close look at cycles will do a better planning job, writes John F. O'Leary Jr., Insurance Co. of North America research director

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Slappay Roy Richards, who ran a mule plow as a boy, saved his money and launched a firm whose industry standing is so high that competitors buy a fourth of its output

74 CAN THEY CLAMP A LID ON SPENDING?

Kennedy State and local governments are under great pressure to curb spending and taxes, says an expert, but the most he foresees is a slowdown—not a halt

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Memo From the Editor

Nation's Business • Published by the Chamber of Commerce of the United States • 1615 H Street N.W., Washington, D.C. 20006

If you're surprised to see a boxing champion's picture on our cover, I think you'll agree it's appropriate when you read his article starting on page 38.

At a time when an awful lot of people are knocking America, George Foreman believes our system has given him the opportunity to rise to the top of his field from mighty close to the bottom.

You may remember that, at the 1968 Olympics in Mexico, some U.S. athletes raised clenched fists instead of standing at attention when the "Star-Spangled Banner" was played. George Foreman, the American representative in heavyweight boxing, dramatically displayed an opposite attitude.

When he won over his Russian opponent, he walked around the ring proudly waving a small American flag.

You may not agree with all the champ's opinions. A great many people had reservations about the Job Corps, for example, but it sure did a job on George.

• • •

If you're like other businessmen, there's a fair chance you've had some problems with the Occupational Safety and Health Act that went into effect about two years ago.

OSHA's rules, inspections and fines have been thorns in the side of businessmen all over the country. Fortunately, many Congressmen have been aware of at least some of the problems. Last year more than 100 bills were introduced to amend the law in one way or another. They're starting to be put in the hopper this year, too.

Many of these bills go so far in one direction or the other that there's not much practical chance of their passing in Congress.

One of the better new bills—perhaps the best—is sponsored by Sen. Dominick, Republican of Colorado. He's a member of the Senate Labor Committee, which is important, and already has 18 other Senators as cosponsors. These include Sen. Taft, Republican of Ohio, who is also on the Labor Committee.

Among the important provisions of the bill is one that would prohibit the Labor Department from levying fines when inspectors find nonserious safety violations on the first inspection. Even if the violations were serious,

the levying of a fine would be discretionary, not mandatory as the present law dictates in such cases.

Another provision would give smaller employers immunity from penalties if they request a consultative inspection, on their own, so that they can correct any problems. Under the present law, if they ask for such an inspection and a serious violation is found, they automatically are fined.

The National Chamber supports Sen. Dominick's bill, S1147. Maybe you'll want to let your Senator and Congressman know if you do, too.



Sen. Dominick (left) and Sen. Taft.

Perhaps you'll try to get away from the problems of OSHA and the like these spring days by taking a ride down the highway. If so, you may notice some pretty flowers growing on the slopes that are as useful as they are ornamental. We're indebted to a reader, Dr. Fred V. Grau, for educating us on the virtues of "crown vetch," which is the plant used along many highways. It has taken years of experimenting, begun by Dr. Grau in 1940, to develop the use of these hardy plants which prevent erosion, cover litter and absorb fumes.

Maybe our other environmental problems can't be solved in a day either.

Jack Woodbridge

Big D comes to little W.

Ray Wallace, president of Dallas-based Trinity Industries, Inc., visits Wausau, Wisconsin, home of Employers Insurance of Wausau.

"I grew up in a small town and my Wausau visit reminded me of some of the good things I connect with that way of living. For one thing, it seems to foster an attitude of being helpful and useful that shapes your life in whatever you do later.

"Now, at Trinity, we don't believe in standing still. We're growing. Moving into new areas. Through it all, Employers of Wausau has worked closely with us in helping us to control our insurance costs. I'll tell you this, we've shared some stress together. It took faith on both sides to reach our goals.

"The people of Employers' Dallas office bring the Wausau Insurance spirit not only to the Southwest, but right into our various companies—by arranging for safety seminars, counseling with our own insurance specialists, and taking the extra time and effort to really understand our problems.

"So I'd say the Wausau people have that helpful characteristic in abundance—and I believe they come by it naturally.

At Employers of Wausau, our business is business insurance. And in 228 offices across the country, good people see to it that insurance works for a living. Isn't that what you expect of your business insurance?



Come to the source

Employers Insurance of Wausau
Wausau, Wisconsin



Letters

Standing Up to Unions

• Re your article, "A Builder Stands Up to Union Violence" [February], may God bless men of our country like J. Leon Altemose, who believe in free enterprise.

I fear for the torment and trouble to which he and others are subjected, but I, as a farmer, believe as he does. Unions are the ruination of our country with their excessive demands! Unions could be helpful if held within limits.

JOEL N. SCOTT
Jefferson, Pa.

• All I can say is I hope businessman J. Leon Altemose wins the battle.

It is true that unions have done a great deal of good. However, when they try to dictate to someone what he can or cannot do, it is time to remind them that we are supposed to be living in a democratic society.

MRS. LAWRENCE FICKETT
Ardley, Pa.

Management by objectives

• I read with interest the item describing the Aquarian philosophy of

management employed by the Questor Corp. of Ft. Smith, Ark. ["Panorama of the Nation's Business," January].

I would like to direct your attention to Tektronix, Inc., of Beaverton, Oregon. Tektronix is a 26-year-old company serving world markets that have a need for high quality oscilloscopes and other electronics products. It has about 9,000 employees.

Tektronix likewise has no time clocks. The company believes that management by objectives, open lines of communications between labor and management, and profit sharing combine to provide a wholesome and rewarding working environment.

ERNEST A. MAYNARD
Regional Sales Manager
Tektronix, Inc.
Dayton, Ohio

Salt and sourness

• The item, "Citizens Remove Roadblocks for Salt" ["Panorama of the Nation's Business," February], is contrary to fact.

Tens of thousands of trees along

West Germany's roads have succumbed every year to an overdose of the salt that is used to keep roads free of ice and snow. The chloride in the salt blights leaves, and causes buds to germinate several times during the summer, thus producing "exhaustion."

The sodium in the salt produces agglutination of the soil, thus preventing air from reaching the roots—thereby bringing about death.

West Germany now successfully employs magnesium chloride, a related salt. Magnesium has the opposite effect to sodium: It makes the soil more porous. It can be washed deeper down into the earth so that the tree roots absorb considerably less of the dangerous chloride. The roots also get more air. The new compound is, in addition, effective below freezing level, whereas sodium chloride is not.

FRANK HANSEN
Santa Monica, Calif.

[Editor's Note: The point of the item was that sensible use of salt is being encouraged. The Salt Institute acknowledges that some communities use road salt too freely, and recommends various steps to prevent ecological damage.]

No irreverence intended

• My request is simple and will cost you nothing . . . not even readers. In the February issue you carried an item entitled "Why Business Gets the Bird" ["Executive Trends"] which contains the expression, "My God!"

The Christians among your readers, I am sure, would appreciate your refraining from the use of God's name in this manner.

May God bless you.

JACK COCHRAN
New Orleans Baptist Theological Seminary
New Orleans, La.

Thank you

• The February issue of NATION'S BUSINESS is one of the most informative I have read in a good while, and I want to congratulate you. It reminds me of that commercial: "It is so good, I hate to put it down."

S. ROY WOODALL
President
Woodall & Alston, Inc.
Paducah, Ky.

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196.77	53.17	76.10	67.50	3.84	PAID IN FULL
747.87		65.20	35.10	3.84	ARRANGEMENTS MADE FOR PAYMENT
151.12	50.82	4,110.18	6,070.65	3.84	PAID IN FULL
10,180.83		373.92	117.67	3.84	PAID IN FULL
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How Mr. OPQ Learned to Make Waves

The Small Business Administration is continually looking for ways to build up business profits and keep failures down. Since a main ingredient for success is how well the business owner knows what he's doing and where he's going, SBA recently launched a new effort—The Business Plan—to help him make these determinations.

The Business Plan is being introduced throughout the country in management development courses and conferences cosponsored by SBA and educational institutions, local business groups, trade associations and government agencies. Two films, "The

Business Plan" (14 minutes) and "The Habit of Winning" (28 minutes), and a printed aid, "Business Plan for Small Retailers" (SMA-150) have been produced.

Every aspect of small business planning, operation and analysis is included.

It is SBA's contention that everyone going into business should have a plan and should constantly review and evaluate it as the business progresses. Studies have borne out the belief that the better the plan, the less likely the business is to fail.

The first step in putting a plan together is for the person to determine exactly what business he is in or wants to be in. Confusion about one's role in business is responsible for wasted energies and money, and may make the difference between success and failure.

One case cited is that of Mr. OPQ, who maintained a dock on the East Coast and sold and rented boats. He thought he was in the marina business, but when he got into trouble and asked for outside help, he learned this was not necessarily so. He was in several businesses—the restaurant business, with a dockside cafe to serve boating parties; boat repair, buying parts and calling in mechanics when needed; and real estate, buying and selling lots along the coast.

Mr. OPQ was fragmenting his slim resources, trying to be all things to all people. After much study he realized his business really was a recreation shopping center.

Once a person describes his business, including the type, purpose and goals, he can move on to marketing his goods or services. In steps two and three of his plan, he must consider where his market is, who will buy, why they will buy and when; who the competition is and why; and what will be his marketing strategy, and his production, servicing and merchandising plans.

Basically he will be determining the sales or service potential and how to attract and sell to customers. He will have to devise cost estimates both for his business and those of his competition. He must thoroughly analyze location possibilities, space requirements, equipment and merchandise or inventory costs, pricing, and advertising and promotion needs.

He must develop a stock control system, an organization chart and a complete financial data and analysis program with arrangements for frequent feedback.

When the break-even point has been worked out, whether it looks realistic or off base, it is time for the businessman to make sure that his plan is workable. He should consult with someone who has not been involved in working out the details and should strengthen and revise the plan accordingly. Finally comes the implementation.

SBA has isolated four main benefits a small businessman may realize from a business plan:

First, he will have a path to follow, with goals and action steps directed toward a chosen future; second, he will have a document to present his banker to substantiate money needs and expenditures; third, he will have a communications tool to orient sales personnel, suppliers and others to his operations and goals; and fourth, developing and using a plan increases his ability to make judgments and improves his management capability.

Reactions to The Business Plan and training sessions have been highly favorable.

Ideally, training should be a series of sessions to permit an individual to develop his business plan over a period of time. A minimum of 16 hours of total time is advised, broken up or consecutively.

Regional and District SBA offices can provide further information on developing a plan.

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All of which leads to Virginia's balanced system for intelligent growth.

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All of these are parts of our system for balanced growth.

And it's Virginians who make it work. With their attitude and initiative.

And it's also Virginians who make our state government so stable.

So if you're already doing business in Virginia, thank you.

If not, you're very welcome.

Let Frank Alspaugh tell you about Virginia. He's the Director of the Division of Industrial Development. Write to him at the Governor's Office, 1064 State Office Building, Richmond, Virginia 23219.

Virginians
Their system is working.

Now, You Can Build Yourself a Laser

Although they aren't yet for sale in the local five-and-dime, lasers have come a long way in recent years, and some versions are now comparatively inexpensive.

Several commercial models of portable helium-neon lasers are selling for about \$100. They're used in surveying and construction. Even more powerful lasers are used for a variety of cutting, welding and trimming tasks in manufacturing processes, and in medicine to correct detached retinas.

The laser's potential in communications is vast, and untouched.

Flexibility has been a problem with lasers. A helium-neon laser, for example, produces a red light. But often, other types of laser-produced light are needed.

In order to obtain another color, it has been necessary to bring in another laser that uses a different element or material.

Development of "tuneable" lasers has been one solution to this problem, giving the researcher and the manufacturer more options.

By using organic dye compounds, excited by another laser, different wave lengths of light can be produced.

The dye compounds are contained in cassettes, and are quickly interchangeable, so that one band width after another can be tuned in. It's much like changing a cassette in a tape recorder.

Nitrogen lasers are popular because they produce invisible ultraviolet light, which is valuable in product testing, for example. With dye attachments, they can also produce all the types of light in the visible spectrum, thus making a versatile combination.

Now, two Lehigh University professors have opened up possibilities for homemade nitrogen lasers. At their Bethlehem, Pa., campus, with the assistance of students, they've built powerful ones for about \$50 each.

Dr. Ernest E. Bergmann, an assistant professor of physics, and Dr. Nikolai Eberhardt, a professor of electrical engineering, say that basically all you need are a large table, a mechanical pump, a bottle of nitrogen gas, a regulator, bandsaw blades, window glass, bathtub sealer, a few sheets of aluminum sheeting and a source of electrical power. And know-how.

With these materials, nitrogen lasers powerful enough for serious research jobs and potential commercial use have been constructed.

"The lasers could easily be assembled in a high school physics class," Dr. Bergmann says. "Our development is exciting because it proves that a nitrogen laser can be produced very cheaply."

The Lehigh lasers produce 10 pulses per second of intense light that last

only a millionth of a second, with a peak power in the range of "several kilowatts."

Dr. Bergmann notes, however, that there is considerable difference between his Rube Goldberg-ish, over-size laser and the commercial models now available, which have the capability of greater pulse repetition rates (up to 500 per second) and continuous operation for many hours.

Avco Everett Research Laboratories Inc., Everett, Mass., is now offering a tabletop nitrogen laser weighing 60 pounds that pulses up to 100 times a second at a peak power of 25 kilowatts. Cost of this unit is \$5,900.

A dye laser option runs an additional \$2,000.

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The World of Industry *continued*

price tag is \$16,000 and the dye option runs another \$5,200.

Industry experts are quick to admit that the market for lasers "hasn't grown as expected," but they are hopeful that demonstrations such as the one at Lehigh University will help to outdate an often-heard pronouncement: The laser is a solution looking for a problem. •

A Fertile Field for Fertilizer

Unpredictable spring weather and some transportation problems are the only things that might temper a boom this year for fertilizer manufacturers.

The release for planting of nearly 15 million acres of farmland owned by wheat growers that had been set aside under agriculture price support programs signaled the potential banner year.

Industry officials estimate an additional 150,000 tons of fertilizer will be needed as a result.

In 1972, U.S. farmers used 41.3 million tons of fertilizer, says the Agriculture Department, an increase of 200,000 tons over 1971. Edwin Wheeler, president of The Fertilizer Institute, expects another gain this year in the 8-10 per cent range if no monumental problems crop up.

Weather, of course, is always a potent factor for the farmer in his need for fertilizer.

Availability of hopper cars for rail transport is another area of concern. These were in short supply earlier this year because of the huge grain shipments to ports as a result of the big trade deal between the Soviet Union and the U.S.

For the immediate future, manufacturing capacity is adequate in the production of ammonia, the base for almost all nitrogen fertilizer, says the Agriculture Department. But it warns this situation could change.

The natural gas supply is a key factor: 36,800 cubic feet of gas are required to produce one ton of ammonia. Operating at 85 per cent of capacity, U.S. manufacturers of ammonia last year produced 17 million tons. Full capacity would add some two million tons.

The supply of high-analysis phos-

phate fertilizers will continue to be tight, say Agriculture officials, because no new manufacturing capacity will come on line this year. New plants now under construction for this type fertilizer are expected to add 1.9 million tons by late next year. In 1972, 4.8 million tons of phosphates were used.

Experts say there is a continuing trend toward greater use of fertilizer in bulk. Some 70 per cent of all fertilizer now comes in bulk form.

Exports of fertilizer, which amounted to \$429.4 million last year, are expected to remain about the same in 1973. Imports in 1972 amounted to \$273.7 million. •

Spending on R&D Jumps \$2.1 Billion

U.S. industry is the focus for most of the nation's research and development activity, as both business and government seek new or better ways to produce goods and services.

According to the Battelle Memorial Institute Laboratories in Columbus, Ohio, industry will spend \$12 billion of its own money on R&D this year and handle another \$8.5 billion in government projects.

The total tab for research for the year is expected to be around \$30 billion. Of this, the government will spend \$7.8 billion on R&D it does itself, for a total of \$16.3 billion; colleges and universities will spend \$1.1 billion; and nonprofit organizations such as Battelle will spend \$442 million.

R&D spending in 1973 will be \$2.1 billion more than it was last year, Battelle economist Dr. W. Halder Fisher estimates—an increase of 7.5 per cent.

Industry has been involved heavily in R&D for years, of course. Battelle figures show that since 1968, more than half of industry's R&D spending has been with its own money for its own development needs.

Battelle says there seems to be a gradual but sustained rise in federal R&D funding, as well as a growing trend for states and cities to conduct research.

Such areas as the environment, energy, transportation and health are receiving more R&D attention now. •

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XEROX

For the first time in 170 years, Ohio is asking business to speak up.

We think it's important to know what every potential Ohio business thinks about our state. What's good, and what could be better.

Since we're celebrating our 170th year of statehood (birthday March 1st) we could reflect on our economic growth and other achievements since 1803. But now that we're 170, we're being careful not to get "set in our ways."

So we've sent questionnaires to the heads of 149,000 Ohio firms.

Every businessman's reply will be carefully read. Our private-sector Economic Development Council and The Chamber of Commerce Executives of Ohio will analyze the responses. Where business problems are reported, *these experts will follow through to find solutions.*

If you're considering expansion or relocation in Ohio, we'll be just as

interested in your opinions. And our experts will be just as eager to offer assistance.

An extraordinary effort? Only because no other state has done it first . . . Ohio has a way of scoring "firsts" which others emulate. First to have a Businessman's Ombudsman (now 15 other states have copied ours). First to create an Office of Minority Business Enterprise.

And first with the Governor's Business and Employment Council — a unique effort by leaders of big and small business, labor, finance, education, research, working as a team to capitalize on Ohio's resources for economic growth.

However, we didn't ask 149,000 businessmen a lot of questions just to score another "first." We're looking for more ways to make Ohio "a nice place to raise a business."

Let's hear it for Ohio!

Ohio Department of Economic and Community Development, Columbus, Ohio 43216
John J. Gilligan, Governor; Dr. David C. Sweet, Director

Why that good executive quit

It wasn't money—even if he says so. Instead, it was a corporate marriage that went on the rocks.

At least, one expert contends, that's frequently true with top executives.

"When they job-hop," says Eugene B. Shea, president, Intromation, Inc., Chicago, executive recruiters, "they usually cite money."

"But often, it's not the real reason."

"Instead, the guy feels, rightly or wrongly, that the boss has jilted him."

Picture the scene, Mr. Shea says, when a man's hired for an executive slot—especially if he's being recruited.

"It's like a courtship."

"He's wined and dined, and shown every courtesy, and all the flattering inducements are trotted out—salary, bonus, stock options, expense account, moving expenses."

"He buys the deal, and he and the company are wed."

Then he's on his own.

Often, Mr. Shea finds, he hasn't even met the man he'll report to directly. And those bouquets tossed at him when he was being wooed no longer come his way.

The romance fades.

Could that corporate marriage be saved?

"Two things would help a great deal," Mr. Shea says.

"First, more candor on both sides when the job's being offered."

"Second, keep up the free communication that prevails then—and the compliments, too, if they're deserved."

Keeping out of OSHA's clutches

A New York ship repair firm fell afoul of OSHA—Uncle Sam's Occupational Safety and Health Act.

It was nailed by an OSHA inspector and found guilty. Two of its welders didn't wear safety glasses.

A Philadelphia auto parts maker was similarly alleged to have sinned.

It removed a large press from the

floor. Then it failed to barricade the area while the hole was being filled.

Both firms have lots of company.

Tens of thousands of businesses have been charged with OSHA violations.

Many may have erred through ignorance. OSHA regulations would fill a bookcase.

"We can't get any help in figuring them out," employers chorus.

Try your insurer, CNA Financial Corp. suggests. Many property casualty companies will assist you, it says.

"Even though the insurance company isn't legally responsible," says Donald O. Asten, an official of Continental Casualty Co., a CNA subsidiary, "we feel a moral obligation to help the customer protect his workers."

Help comes in three ways.

"First," Mr. Asten says, "we explain exactly what OSHA is and what its impact on the firm can be."

"Second, we can send a packet of material telling the plant manager or

shop owner how to prepare for an OSHA inspection.

"Finally, our safety specialists can make a survey of the plant to spot possible violations—and suggest remedies."

No one can guarantee that OSHA authorities still won't flag an alleged violation.

"But insurance loss control specialists have lots of experience," Mr. Asten adds, "and most of them are well briefed on OSHA specifications."

What's the payoff for the insurance company?

"Fewer injuries and lower loss ratios," Mr. Asten says.

What to do when the bailiff comes

Look up a forensics engineer.

He may be a must if you're hit with a product liability suit.

And who isn't likely to be?

In 1963, reports the Research In-

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are guaranteed to work, always...
or Zippo will fix them free!**



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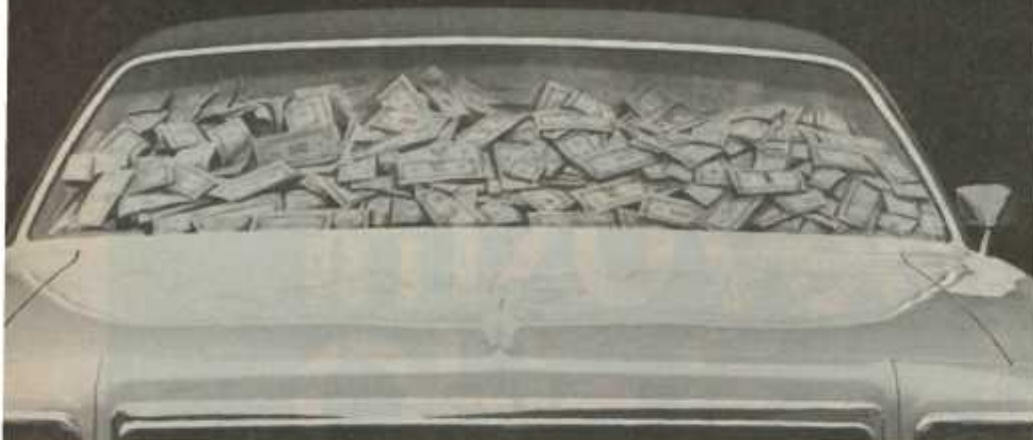
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So before you put capital in company cars again, talk it over with one of us. We're listed in the Yellow Pages under "Auto Renting and Leasing".



Executive Trends

continued

stitute of America, Inc., 250,000 were filed.

Now, it says, more than 500,000 are filed annually.

What does a forensics engineer do? "He provides a rapidly growing professional service," says the National Society of Professional Engineers.

He's the expert witness who defends your product.

"Most companies," an NSPE spokesman says, "use an outside engineer. They feel that one on the payroll carries less weight with a judge or jury."

What can you expect from him? Quite a lot, as spelled out by NSPE guidelines.

Among other things, a detailed investigation, an inspection of site and evidence, and tests to buttress his findings.

What will his services cost? They won't come cheap. Chances are, he'll want a substantial retainer—in advance. But you won't have to sign a blank check.

He should give you a detailed fee schedule, NSPE says, and an estimate well in advance of total costs through the trial.

Who makes the best forensics engineer?

Any engineer should have the technical expertise, NSPE says.

"But other qualities also help," it adds.

"Like being articulate and cool under fire—or cross-examination."

Corporate cash from idle assets

"It's like getting something for nothing."

So says one happy executive. His firm's now making money on land that was a tax drain.

"Nearly every big company has surplus property," says Howard P. Hoffman, president, Howard P. Hoffman Associates, Inc., New York.

"With the right help, most of it can earn income."

He cites some examples from the



MISCONCEPTION:

Utilities are doing little in the way of research and development to solve environmental problems.

FACT:

As our nation developed, most of the electric utility industry's research and development activities concentrated on how to keep up with growing power needs as efficiently and economically as possible. That's still an important challenge. But, as environmental considerations became more and more important, the emphasis changed. Today, the industry is involved in a greatly expanding research effort to develop better ways of protecting air and water quality while still meeting the country's electric power needs. Indicative of The Southern Company system's leadership role in the industry's



Research diver brings up an underwater thermograph, which records water temperatures near power plant locations.

R&D activities is our participation in a pilot project in Alabama to study the feasibility of producing "clean coal" through solvent refining. Two other system pilot plants, both in northwest Florida, will study methods of purifying smokestack discharges. And we've committed millions of dollars as our part in the industry's development of a fast-breeder reactor nuclear plant, the kind of electric generating plant that will produce more nuclear fuel than it consumes.

If you'd like to know more, please write for our pamphlet on this subject. The Southern Company, Dept. 342, P.O. Box 720071, Atlanta, Georgia 30346.

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Executive Trends *continued*

files of his firm, which specializes in "recycling" such property:

- U.S. Industries, Inc., had an unused one-story, 70,000-square-foot factory near Washington, D.C. It was for rent as it was, but there were no takers.

So it was a \$200,000-a-year white elephant.

But the American Postal Workers' Hospital Plan needed a GHQ. Its offices were scattered all over Baghdad on the Potomac. With some new ceilings, tile floors, partitions and air-conditioning, the ex-factory filled the bill.

Now it's turning a profit for U.S. Industries.

- Seabrook Foods, Inc., a New Jersey company, had an empty 300,000-square-foot warehouse in the Bronx on which carrying charges were \$300,000 a year. It was listed for sale with brokers at book value—\$2 million. But it went begging for two years.

Market research showed little hope of finding a single buyer—or tenant. But space was snapped up when it was subdivided for smaller users.

Investors bought the building for \$2.8 million, based on its new rental income.

"Real estate is valueless," says Mr. Hoffman, "unless a specific use is created for it. It must be marketed like any other product."

Most surplus property, he points out, is carried on the books fully depreciated.

"Turn it into something useful," he says, "and you have a major source of earnings."

How to price for sales and profits

Don't leave it to the vice president, finance.

He'll stick on a standard markup.

And don't leave it to the sales manager.

"He'll drive you to the poorhouse in a limousine," says Dan Nimer,

president, DNA Group, marketing consultants.

Pricing, Mr. Nimer adds, should be oriented toward the marketplace, and away from the plant—and for return, not volume.

"That means marketers should charge what the public's willing to pay."

Here's an example he cites of a company that failed to heed that rule:

"Some time ago, when *Cosmopolitan* magazine came out with its Burt Reynolds issue, I said that it had made a significant marketing mistake because the issue wasn't priced at \$10 to make it a collector's item. And there, indeed, was a signal from the market when newsstands were sold out within hours after the magazine hit them.

"Wilkinson of England got the same kind of signal when it first introduced stainless steel blades. You couldn't find them, they were snapped up so fast.

"When the company was urged to raise the price, it replied with a typical Britishism. It said it was in the garden tool business, not razor blades."

Mr. Nimer told the Sales Executive Club of New York City that in eight cases out of 10, price is "an afterthought—although that's what will determine profit."

Don't forget, he reminded his audience, that it's easier to feel out a market at a higher price, and then lower it, than to start low and then hike it.

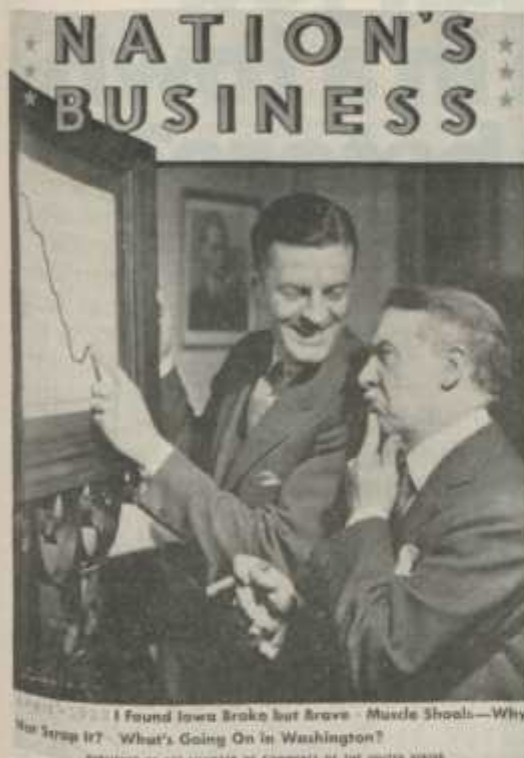
It's sales effort, not price, that makes or breaks a product.

That's what a survey of some 400 firms shows, says Jon G. Udell, author, "Successful Marketing Strategies in American Industry," (\$9.50), Mimir Publishers, Inc., Madison, Wis.

What's the main factor, they were asked, in a product's success? Sales effort got a grade of 41.4 per cent; product effort (R&D, service), 27.8 per cent; pricing, 18.4 and distribution 12.2.

The Past Is Prologue

Forty years ago in Nation's Business
(established 1912)



Adams

Forty years ago the nation was passing through a winter of discontent; the dreariest, deepest point of the Great Depression, with still no sign on the horizon that things were getting better.

Merle Thorpe, then editor of NATION'S BUSINESS, wrote in the April, 1933, magazine of: "Fear, bordering on panic; loss of faith in everything—our fellow man, our institutions, private and government.

"Worst of all, no faith in ourselves or the future. Almost everyone ready to scuttle the ship and not even 'women and children first.'

"The fear is born of hesitation. Men have hesitated because of hope of new palliatives, and, at the same time, others have hesitated because of fear of those same remedies."

Many ideas for dealing with the nation's economic problems were being floated. One was the policy of "controlled inflation" or "reflation," as it was also called. The theory was that expanding the supplies of money and credit more rapidly than was needed by business would give it a shot in the arm.

But an article entitled "Lifting Ourselves by Our Bootstraps" warned that "controlled inflation" was an illusion with little chance of agreement of when to stop inflating. "All the money the printing presses might put out will not go to the heart of the matter, which is the restoration of confidence and a return to normal ways of living," it said.

Paul McCrea, a staff member, went to his native Iowa to check out reports of unrest in Middle America. "I found no revolution," he wrote, but: "I did find the depression. I could see it in the deserted streets of towns that were once busy; in the depleted stocks of idle stores; in farm yards where grain was stacked like hay. . . ." He concluded: "There was no whining, no bitterness. . . . All Iowa asks is a chance."

In another article, a hydroelectric engineer named David J. Guy looked at Muscle Shoals, the government's power- and nitrates-producing project for which President Franklin Roosevelt had great expansion plans. Muscle Shoals had been a headache, he said, suggesting it be scrapped, sold or leased to "clear the way for the larger enterprise if and when the President and Congress see fit to launch it." They did see fit—that same year—to launch the Tennessee Valley Authority.

Renovating business properties, the "crisis" in home financing and the farm acreage leasing plan were other subjects.

Most reports were rather grim. But a column called "Developments in Distribution" showed business still had vitality. For instance, a New York department store was making headway with a "serve yourself" plan in which women could pick their shoes and do their own fitting.



Adams

If you can't answer all these questions about your own home town, how can you choose a plant site in a town you've never seen before?

American Electric Power Home Town Test.

1. What financing programs are available to industry?
2. What environmental regulations apply and who administers them?
3. Is tax relief available on investment in pollution control equipment?
4. Are there training facilities for upgrading skills of people my plant will need?
5. Is the supply of electric power adequate and reliable? What are future projections?
6. Where's a *good* restaurant where you can get a *good* steak, medium rare?
7. What's the average labor turnover rate?
8. How many suitable dwelling units are available in the area? What's the price range?
9. What does the 10 inch water line to the industrial site really mean to my insurance company?
10. Will weather conditions adversely affect access to my plant?

Don't worry. If you don't know the answers, you can ask someone who does.

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American Electric Power System

Appalachian Power Co., Indiana & Michigan Electric Co., Kentucky Power Co., Kingsport Power Co., Michigan Power Co., Ohio Power Co., Wheeling Electric Co.

Selling Pens in Pantsuits

Scripto, Inc., has turned to pretty girls in exclusive high fashion dress to sell its writing instruments and lighters.

Scripto decided that hiring women as detail sales people—a field traditionally dominated by men—was not enough. It went a step further.

Giorgio di Sant'Angelo, considered one of the hottest designers in American fashion today, was commissioned to produce an innovative wardrobe for the new sales force that would be both functional and fashionable.

Mr. Sant'Angelo calls his creations "working clothes" but his chic Scripto wardrobe could pass inspection in the finest Paris salons.

"As to the Scripto image," he says, "I incorporated the positive, vibrant colors from their pens in both solid color fabrics and prints. For the prints, I used their fiber tip pen as a design motif in the same colors on a deep bright blue background."

Mr. Sant'Angelo created a sleeve body suit which serves as the basis of a group of interchangeable pieces. It was then a matter of adding a coat, dress and pantsuit.



A model shows off an outfit designed for the new force of Ms. Scriptos selling Scripto pens and lighters.

Women

The 50-year-old Atlanta-based company hired several saleswomen experimentally and found that in both dollar volume of sales and new placements of Scripto products, the women did as well as men and frequently better.

"We're not just jumping on the women's lib bandwagon," explains George L. Curran, marketing vice president. "We're getting into this for hard, business reasons."

The saleswomen, called Ms. Scriptos, are put through a thorough training course so that they can become experts in the writing instrument and lighter business.

"Today, to get the business, you must be able to help the retailer do the most with a great variety of products which manufacturers are offering," Mr. Curran says. "We think a Ms. Scripto will have a better chance of getting in to see him in the first place."

"Once there, she'll do a better job of both selling and counseling."

Ms. Scriptos are being assigned to the company's major metropolitan markets in Dallas, Los Angeles, Miami, Pittsburgh, San Francisco and Atlanta.

Someday, Mr. Curran predicts, half of Scripto's detail sales force may be women. •

Business Finds an \$8 Billion Bonanza

There's gold in that garbage.

Solid waste disposal has become a big business—about \$8 billion worth this year—and is growing by leaps and bounds.

Paine, Webber, Jackson & Curtis, Inc., a major stock brokerage firm, has just made a study of solid waste management and predicts this relatively new industry will grow about 20 per cent annually for several years to come.

"Having been totally fragmented, undercapitalized, and to say the least unsophisticated, the industry has significantly upgraded management methods and revamped its image, and in the process has made wealthy men

out of the early entrepreneurs and their—pardon the expression—garbagemen colleagues," says the PWJ&C report.

It says there are some risks and problems on the horizon but not to the point where they will discourage growing investor interest. One of the problems, of course, is that no completely satisfactory method of solid waste disposal has been found. The most common, and currently least expensive, method used by major disposal companies is the sanitary landfill, although recycling holds much promise.

Getting rid of solid waste is a monumental undertaking, to be sure. Business, industry and the private citizen now generate an estimated one million tons of it daily. That comes to about 10 pounds per day per person.

According to the U.S. Public Health

Service, the average cost for collecting and disposing of solid waste in 1969 in 166 cities was \$17.66 a ton. There were exceptions, of course. In New York City it was a staggering \$51 a ton. Today, the national average is \$22 a ton.

PWJ&C reports that an increasingly large portion of our garbage is going to be collected and disposed of by private companies, as opposed to city sanitation departments.

On that score, here are some interesting statistics: In 1970 there were 198,000 state and local sanitation employees against 102,000 employed by private companies. But in the same year, with almost half as many employees, the private companies handled almost 75 per cent of the waste disposal. •

continued on next page

Those Magnificent Men in Their Flying Museums

Flying across the Pacific on a Continental Airlines 747 means flying with Melanesian canoe prows, New Guinea yam fiber masks, ceremonial daggers and Kundu drum and tomb spirit idols.

Continental's "flying museums" are aimed at acquainting its passengers—the businessmen among them in particular—with the Pacific's cultures.

Appealing to the intellect of Pacific-bound businessmen isn't as odd a marketing approach as it might sound. Continental says the Pacific islands—Hawaii, Micronesia, Samoa and the rest—are fast becoming the world's newest economic boom area. Many businessmen are just now discovering the Pacific and know little about its people, cultures and traditions, the airline notes.

"The museums certainly won't make a passenger an instant expert on Pacific culture but they're a step in the right direction," says Robert Wilkerson, general manager of Integraf, a

Los Angeles-based design and graphics firm which developed the museum idea for the airline.

"Actually," he explains, "we've tried to design a total Pacific experience for Continental's passengers. Once on board the aircraft, the passenger is surrounded by fabrics, textures and colors that are authentically Pacific in origin."

Integraf assembled a four-man research team to gather data on the Pacific from books, magazines, museums, universities and art collectors. The researchers traveled extensively, calling at Fiji, Samoa, Tahiti, and other storied Pacific islands.

"Word that we were searching for artifacts spread fast," recalls Mr. Wilkerson. "The jungle drum telegraph had people knocking on our hotel room doors."

To assure authenticity, every item was certified by government experts. The governments, in every instance, were anxious to cooperate. Mr. Wilkerson explains:

"Most of the officials we met with felt that the flying museums would be an excellent goodwill vehicle for their



A typical artifact on Continental's "flying museums" plying the Pacific.

countries. They were happy to help us select and appraise these display pieces."

Reaction to the flying museums by both passengers and crews has been excellent, Continental says. •

How to Retire on \$48,000 a Year

George Blanda of the Oakland Raiders has passed and kicked himself into a beautiful retirement program—he'll get \$29,088 per year if he waits till he's 65 to start collecting.

But if Mr. Blanda, now 45 and the oldest pro footballer in the business, chooses to tap his retirement now, he can walk off with \$416 a month for life.

The Institute of Life Insurance has come up with some interesting figures showing the excellent pension arrangement professional athletes have worked out for themselves.

Take the case of hockey's Henri Richard, who would collect \$550 a month if he opts to retire at 45. But if the 36-year-old Montreal Canadiens star waits till age 55 to draw his pension, he would get about \$1,000 a

month. At 65, this would jump to about \$22,000 a year for life.

Such pots of gold have not always awaited the professional athlete at the end of his career. Since smart financial managers and players' associations moved into the picture, the old pro has something to count other than newspaper clippings when he's turned out to pasture. And the retirement pay gets progressively better.

That \$550 a month which hockey star Richard can draw at age 45 is far more than if he had retired in 1954 when he turned pro. At that time, hockey players could count on an additional \$180 annually for each year of service. Now he gets \$500 a year more for each year on the ice.

Basketball star Wilt Chamberlain earns about \$300,000 per year playing for the Los Angeles Lakers. His pension is increasing at the rate of \$60 per month for each year he continues to play.

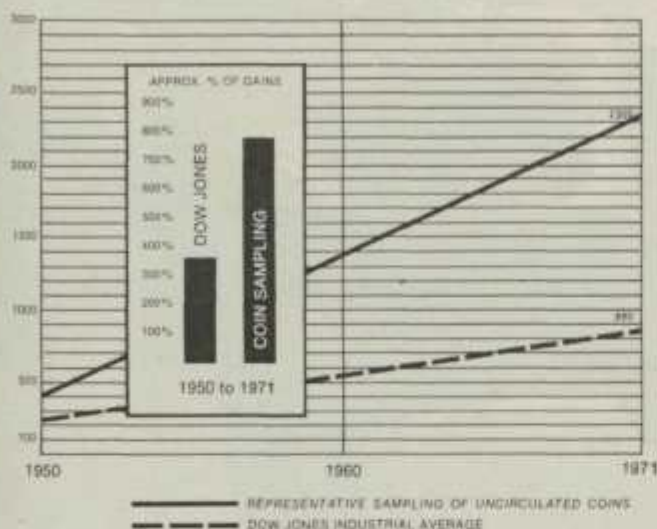
If young pro footballers just getting started put in at least 15 years on the play-for-pay gridiron, they are eligible for \$4,113 per month at age 65. Not bad for a part-time job, if you overlook the lumps.

Today, pensions are regarded as important as salaries when players negotiate contracts with their teams. In general, pension funds are financed by team owners' contributions and from proceeds of radio and TV coverage of major sporting events.

The average American worker's pension benefits are, of course, improving, too. At the end of 1971, according to the Institute, about 50 million persons were participating in major private and public pensions and retirement programs, exclusive of Social Security. In 1967, some 43 million workers were covered by them.

Today, about 35 million Americans are covered by private, nongovernment plans. •

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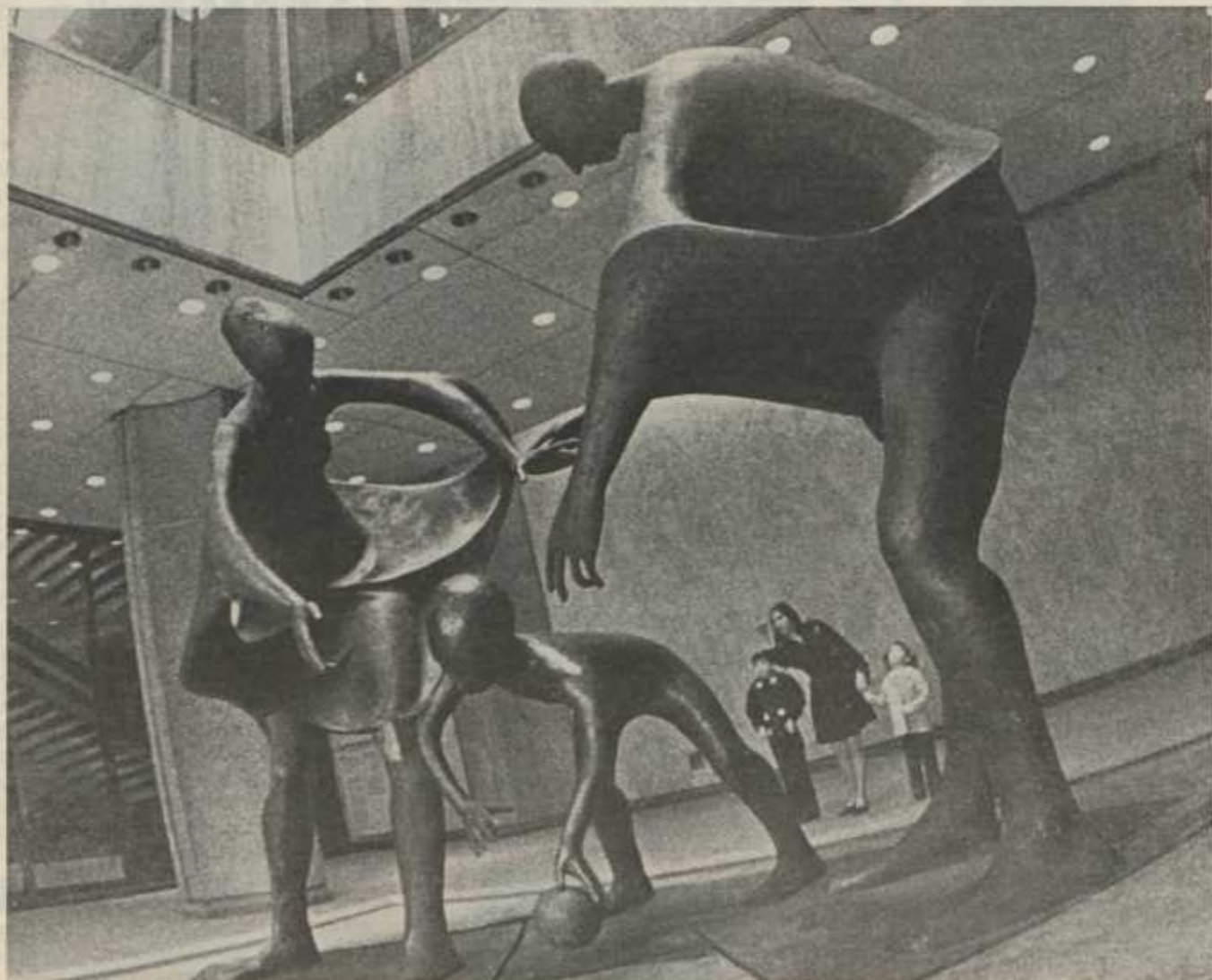
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Sound Off to the Editor

Should You Vote on Tax Increases?

Most states and other local governmental units share a common restriction: They may not borrow money without specific permission from their voters.

As a result, the citizenry is frequently called upon to approve or reject bond issues for a wide range of projects—schools, highways, water and sewage facilities, parks, public buildings, etc.

The underlying assumption is that the people who are expected to repay the money should decide whether it is to be borrowed. They thus exercise an indirect control over some aspects of government financing.

But taxpayers generally have little voice in one aspect that is of most concern: Whether existing taxes at the local, state or national level shall be raised.

That decision is usually made by legislative bodies in the respective seats of government, and there's no direct recourse for the voters.

It's argued, of course, that they can

react by turning out the legislators who raised their taxes. But there have been relatively few instances in which taxes, once imposed or increased, were rolled back permanently.

The federal personal income tax is a case in point. When it was first levied, incomes under \$4,000, then a handsome salary, were not taxed at all and there was only a nibble of 1 per cent between \$4,000 and \$20,000. The biggest bite was 7 per cent and that didn't start until the \$500,000 bracket. Less than 1 per cent of those classified as "gainful workers" had any tax liability in 1914, the first full year the tax was in effect, and what they paid only averaged \$114. Collections totaled \$41 million.

This fiscal year the federal government expects to collect \$100 billion in income taxes, with over 80 per cent of all wage earners contributing. What they fork up is expected to average \$1,500 each.

That 1 per cent rate at \$20,000 is

now more than 20 per cent and the 7 per cent top has gone to 50 per cent on earned income.

Would that have happened if taxpayers themselves had a voice on soaring income tax rates?

And what would have been the outcome if voters last November had been asked to approve the 50 per cent increase in Social Security taxes that Congress had just voted? Under that legislation, the maximum payment of \$468 last year goes to \$632 this year and \$702 next year.

While there are those who favor giving voters a direct voice on tax increases, others hold it would be impossible to run any government larger than a village's under such an arrangement. They say the only workable way to manage governmental fiscal policy is to elect people who won't pursue policies that will require tax increases.

Should tax increases be put to a popular vote?

What do you think?

Jack Wooldridge, Editor
Nation's Business
1615 H Street N.W.
Washington, D.C. 20006

Should tax increases be put to a popular vote?

☐ Yes ☐ No

Comments:.....

.....
.....
.....
.....
.....

Name and title.....

(PLEASE PRINT)

Company.....

City.....

Sound Off Response

A Resounding Vote for the Death Penalty

Asked whether the death penalty should be restored, NATION'S BUSINESS readers by the thousands have responded with a thundering Yes.

By one of the most one-sided margins in the history of the "Sound Off to the Editor" series, readers from all walks of life and all ages find common ground in support of capital punishment as the only adequate way to deal with certain crimes.

The 95 per cent affirmative answer to January's "Sound Off" question compares to the 83 per cent who supported the death penalty in an October, 1970, "Sound Off" poll.

Since then, the Supreme Court has ruled that capital punishment is unconstitutional because it has not been applied uniformly for the same types of crimes.

That decision, however, left the door open to restoration of the death penalty for federal and state crimes if uniform guidelines are followed.

President Nixon has urged Congress to restore the death penalty for serious federal crimes, and capital punishment legislation has been enacted in Florida, Ohio and Wyoming. Similar bills are pending in most other states' legislatures.

Here's what some readers have to say about capital punishment:

Zenon C.R. Hansen, chairman of Mack Trucks, Inc., Allentown, Pa., writes: "There is no substitute for it to curb the total lack of discipline."

John W. Jones, vice president, Brink's, Inc., Chicago, Ill., comments that the death penalty "was the one thing that kept society protected from people acting like animals. Even animals have a way of dealing with their own when they go to extremes. Once detained in prison, [murderers] sit back and dictate how they should be treated. Imprisoning them at great expense is more than they deserve."

Many replies deal directly with the argument that the death penalty is not a deterrent to crime.

"There is no other deterrent to prevent criminals from senseless, cold-

blooded murder," says William C. Miller, a partner in the W.E. Hutton & Co. brokerage firm, New York City. Such criminals can be paroled and, "never reformed," repeat their crimes, he adds.

Thomas Stirton, director of purchasing, Canteen Corp., Chicago, Ill., expresses the view that "the threat of the electric chair or gas chamber, no matter how remote, would tend to reduce premeditated murder."

"Some claim the death penalty does not deter crime," writes Wayne D. Nusbaum, vice president and treasurer, Ralston Purina Co., St. Louis, Mo., "but if a person has already committed one murder and has received a life sentence, there is nothing to deter him from killing again, [killing] a guard or fellow inmate. Some killers are so fiendish they don't deserve to live under any circumstances."

"I believe it is a deterrent," says Robert F. Hartmann, superintendent of maintenance and engineering, Monsanto Co., Kearny, N.J. "There appears to be a correlation between society's softness with felons and the rate of crime against individuals."

James Johnstone, board chairman, Sentinel American Life Insurance Co., Houston, Texas, comments on his Yes vote:

"Murders have increased over 100 per cent since abolishing the death penalty. This speaks for itself. I think anyone who willfully takes another's life should be exterminated. Life imprisonment might work if there were no hope of ever being released. . . . Some murderers laugh in the face of our law enforcers, saying that, at the worst, they will be free in a few years even after committing a heinous crime."

"Absolutely Yes," writes J.V. Dooley, a vice president of American Airlines, New York City. "Cold-blooded murder must be paid for."

W.R. Campbell, controller, Lanier Business Products, Atlanta, Ga., states that "we ought to restore the custom of public hangings to give

dramatic visibility to the fact that the law is being carried out. We need to get tough with criminals and get away from the sugar-coated law enforcement now prevalent."

On the other side of the argument, Joe D. Buys, vice president, WVIC Radio, Lansing, Mich., declares: "I don't care if I'm in a minority of 1 per cent, I will never condone murder—legal or otherwise. All too often, we look for the easy way out. Let's use the years of human advancement to find a better way to cope with our problems."

Robert Kurtz Jr., vice president of Kurtz Bros., a school supply firm in Clearfield, Pa., says: "If capital punishment deters murder and other crime, then those states without the death penalty should have higher murder rates than those retaining the penalty. Yet crime statistics do not bear this out."

He quotes Thomas Jefferson's statement: "I shall ask for the abolition of the punishment of death until I have the infallibility of human judgment demonstrated to me."

Another opposition vote comes from Mark L. Nichols, assistant city attorney, Arlington, Texas, who comments that "men could devise a punishment that would be a better deterrent than death for a crime. The person who drives while intoxicated kills more people than anyone. What about him?"

But on the majority side, Jerry J. Bush, who runs his own insurance agency in Athens, N.Y., has a personal reason, among others, for urging the restoration of capital punishment.

"On Sept. 19, 1969, our wonderful angel of a daughter was trapped in her apartment, choked, raped, tortured and stabbed . . . in horrible cold-blooded murder," he writes. "The answer to crime is punishment. Unless a family has suffered the agony and horror of this type of murder, they cannot understand the loss and the damage to society. The answer is quick execution."

Mrs. Eugenia Pantazo, proprietor of a grocery store in St. Louis, Mo., recalls that her daughter, a teacher then 23 years old, had offered to help out in the store one evening two years ago and was there alone when a gun-wielding robber came in. While the holdup was in progress, a regular customer entered and the robber began firing.

"The customer was killed and my daughter was shot in the head and left for dead," Mrs. Pantazo writes. Her daughter was unconscious for two months, and hospitalized for six months paralyzed on her right side. She has been in therapy ever since, although she now can walk again.

H.L. Kaplan, general manager, California Dry Cleaning Co., Los Angeles, Calif., sends along with his Yes answer a newspaper clipping telling how four employees—one a woman—of a movie theater were bound and slashed to death during a \$2,000 robbery. He urges use of the death penalty "to end such savagery."

William R. Brownlee, administrative manager, Southeastern Electric Reliability Council, Birmingham, Ala., addresses himself to the argument that society has no more right to take a life than an individual does: "Society does not have the right to kill innocent persons by removing the deterrent provided by the death penalty."

James F. Jones, president, The Beverage Bureau, Inc., Louisville, Ky., says: "When a few set forth with malice and intent to take the lives of the innocent, the state's duty is to its citizens."

"We should have the death penalty for murder, rape and drug-pushing," says Kenneth L. McBeth, employee relations manager, Exxon Co., Pittsburgh, Pa.

Says Anthony F. Keating, city commissioner, Tulsa, Okla.: "In Oklahoma since the Supreme Court decision, there have been repeated murders of holdup victims in order to do away with any witness to the crime."

And James S. McClellan, pastor, Grace Brethren Church, Kent, Wash., comments: "There is this unchanging truth in the Bible: 'Where no sentence is speedily executed upon the criminal, there the heart of men is filled in them to do evil.' Will we ever learn?"

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QUARTERLY OUTLOOK SURVEY

Executives See: Business—Up Profits—Up Foreign Sales—Up

Profits are on the way up, capital investments are sharply rising and more than ever before American companies are increasing their foreign business.

That's the general business scene for the start of spring. Only a few dark clouds are in the skies and one of them is the increasing conflict between management and labor.

By a margin of seven to one executives taking part in the 46th NATION'S

BUSINESS Outlook Survey feel that unions will be harder to get along with, or at least just as hard as ever, in coming contract negotiations.

Three hundred eleven company chairmen, presidents, senior vice presidents and economists responded to a questionnaire which probed the business scene.

To the question, "Where do you think the nation's economy will go from here?" 236 executives say "on

up," 51 say "remain the same" and only 14 look for a tailing off. (All executives did not answer all questions.)

"What are you looking for in 1973 in the way of sales or volume of your business and how will this compare with 1972?" brought these answers: 276 expect increased business, 15 expect business volume to remain the same, 17 look for decreases.

"What are you looking for in 1973



Handwritten: Bond
Lewis H. Bond, chairman and chief executive officer, Ft. Worth National Bank, Ft. Worth, Texas, expects the economy to level off due to the restrictive money policy and credit tightening. The bank will put up a new building this year and profits should increase about 10 per cent.



Handwritten: Dial
William H. Dial, chairman, First at Orlando Corp., an Orlando, Fla., bank building company, says the economy, retail sales and production will continue up and unemployment will continue to fall. He expects deposits and net both to be up 10 to 15 per cent.



Handwritten: Kelley
Robb B. Kelley, president, Employers Mutual Casualty Co., Des Moines, Iowa, looks for an economic leveling off due to labor problems and the need to slow down to control inflation. He's happy about increased sales in consumer goods but deplores "our fiscally irresponsible Congress."



Handwritten: Stults
Brian P. Stults, chairman, American National Bank and Trust Co. of Chicago, Chicago, Ill., looks for "the lag effect of stimulative monetary and fiscal policies to propel the economy up for most of 1973." He foresees a continuing increase in loan demand and a 15 per cent rise in volume.

Outlook Survey *continued*

in the way of profits for your business and how will they compare with 1972?" brought these answers: 228 see improved profits, 51 expect no change and 20 look for decreased profits.

"Does your company plan to spend more or less on capital investments in 1973?" brought these answers: 177 say more, 67 say about the same and 56 say less.

"Will unemployment be brought to 5 per cent [this year]?" elicited an overwhelming 236 Yes answers compared with 64 Nos.

"Do you intend increasing your foreign business and if so how and in what products?" drew a variety of replies which indicate generally that new ventures abroad will be undertaken by many companies. One hundred fifteen companies say they are expanding foreign business while 119 say they are holding to last year's level. The full effects of the latest devaluation of the dollar are not expected for at least six to nine months, survey participants indicate.

A key question, "Are unions becoming harder or easier to get along with?" generated 180 opinions that unions are just as hard or harder to deal with. Only 30 say easier and 88 respondents avoid the question altogether.

Frank T. Cary, chairman of International Business Machines Corp., Armonk, N.Y., is firmly optimistic. He feels highly encouraged by the "strong, well-balanced expansion of the economy" and says that IBM, already one of Uncle Sam's biggest exporting firms, will increase foreign business "across the product line."

Two presidents of major insurance firms are equally sanguine.

Charles K. Cox of Insurance Co. of North America, Philadelphia, Pa., and G. K. Rugger of Home Life Insurance Co., New York, N.Y., both look for the Dow Jones Industrial Average to be 1,200 by year's end. They both say "on up" for the direction in which the nation's economy is moving and they expect more business and better profits.

Mr. Cox is increasing his foreign business. He's encouraged by increases in industrial output and discouraged by the adverse foreign trade balance. Mr. Rugger is encouraged by sound growth in productivity and profits and he is discouraged by the "potential fiscal irresponsibility of Congress."

Roger S. Ahlbrandt, chairman, Allegheny Ludlum Industries, Pittsburgh, Pa., looks for 1,200 on the Dow, improvements in the economy and in his company's business and profits. His enthusiasm includes the belief that unions and management have a "better understanding of mutual problems and wider recognition that the ultimate influence in our lives is the customer. Unions and union leaders are more aware of international influences in the American economy." He worries most about the unsettled world monetary and trade situation.

William B. Walton, president of Holiday Inns, Inc., Memphis, Tenn., decries the negative thinking which



D.R.C. Brown, president, Aspen Skiing Corp., Aspen, Colo., says his firm will spend \$2 million more this year on capital investments to keep up with demand. He looks for 15 per cent better profits and \$7 million in sales compared with \$6 million last year.



Daniel L. Goldy, president of International Systems and Controls Corp., Houston, Texas, says the economy will go up because of the government's "fiscal and monetary policies." He believes it will keep expanding "under its own momentum unless brakes are applied."



Coleman Bloomfield, president, Minnesota Mutual Life Insurance Co., St. Paul, Minn., is happy that "for the first time in 12-13 years we are entering a peacetime economy." The impact on defense spending is unclear but the psychological impact "should be beneficial."



Frank J. Schmieder, vice president, finance, Samsonite Corp., Denver, Colo., looks for a 12-15 per cent rise in sales to \$118 million this year. He expects profits to be up 10-12 per cent to \$6.5 million after taxes. Investment in capital improvements will be increased.



Donald C. Cook, chairman and chief executive officer, American Electric Power Co., New York City, will increase spending on capital investments by about \$100 million. He looks for the Dow Jones to hit 1,200 this year and for his business volume and profits to increase 10 per cent.



Shearon Harris, chairman/president, Carolina Power & Light Co., Raleigh, N.C., is encouraged by controls over government spending but not encouraged by lack of individual responsibility and lack of pride in the quality of work performed. He looks for continued good growth.

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Outlook Survey *continued*

persists despite the demonstrated strength of our economic system. He says:

"We have long passed the time when we should spend the majority of our constructive, waking hours being involved in one manner or another in all of the negative things about our country, our great industrial operations, business activities and otherwise, involving both labor and management. It becomes pretty obvious to me, and I am sure it does to many others, that after 10 years or more, none of these 'negatives' have really netted very much."

One of the most optimistic of all executives is William F. Lucas, president and chief executive officer, Brown-Forman Distillery Corp., of Louisville, Ky., who expects a 1,400 Dow Jones Industrial Average by Christmas.

Optimism all the way includes the belief that unemployment of "people willing to work will be 5 per cent or less." However, he notes what he calls an increasing number of people on welfare who "just don't want to work."

Consensus is the Dow Jones will range between 1,000 and 1,200 during the year, which would represent a distinct improvement over the early spring average of 950 to 975.

Three presidents of major companies who look for a 1,000 Dow Jones Industrial Average are R. A. Weller of Otis Elevator Co., New York, N.Y.; W. Graham Claytor Jr., Southern Railway System, Washington, D.C.; and R.G. Wingerter of Libbey-Owens-Ford Co., Toledo, Ohio.

Mr. Weller is moving his firm further into foreign markets—where it already is a major force—with a complete line of products. He worries about the government's ability "to come to grips with inflation" but he is pleased that business has a better understanding of inflation.

Mr. Claytor considers unions harder to get along with "due to escalating demands for wages and fringes and lack of progress on improved productivity." He is discouraged by inflation which he considers "fueled by escalating wage demands" and by the "expanding U.S. deficit in international balance of trade." He expects Southern's revenue and traffic

to exceed last year's. Looking ahead he says he "expects the economy to move steadily through 1974, but with the growth rate dropping to about 3 per cent and continuing at that level through 1975."

Mr. Wingerter is increasing his firm's foreign investments "in all product lines" and he expects increases in exports. As for his overall business, he looks for sales volume to go up 8 to 12 per cent and for increased profits. However, he notes, "profit margins will be difficult to hold despite good volume increases."

Four firms expanding abroad are Armco Steel Corp., Middletown, Ohio; Butler Manufacturing Co., Kansas City, Mo.; Marriott Corp., Washington, D.C.; and Burns International Security Services, Inc., Briarcliff Manor, N.Y.

William Verity, Armco's chairman and chief executive officer, says further that his firm will spend more on capital investments and that unemployment perhaps will drop lower than 5 per cent.

George C. Dillon, President of Butler, is cheered over what he considers "improved labor relations." He cites "even greater effort on our part and more responsive union leadership."

Marriott President J. W. Marriott Jr. says his firm will see increased volume and profits of 15 per cent. Moreover, capital investments will be sharply increased with the building of pleasure parks and accelerated expansion of restaurants, hotels and airline catering kitchens.

Frederic E. Crist, chairman of Burns, says unions are harder than ever to get along with. "It is a very competitive industry," he says. Furthermore he feels that labor settlements this year can adversely affect the economy.

Four executives who look for sharp increases in the Dow to 1,200 include: Rodney C. Gott, chairman and chief executive officer, AMF, Inc., White Plains, N.Y.; Robert Cosgrove, chairman, Green Giant Co., Minneapolis, Minn.; Ross D. Siragusa Jr., president, Admiral Corp., Chicago, Ill.; and J. Peter Grace, chairman, W. R. Grace & Co., New York, N.Y.

General Development Corp. of Miami, Fla., under Chairman and Chief

Executive Officer Charles H. Kellstadt, will spend about \$20 million more this year for capital improvements. He, too, feels there may be "more understanding of current problems" among labor leaders.

Marcus R. Tower, vice chairman, National Bank of Tulsa, Tulsa, Okla., feels the opposite regarding unions. "They are becoming harder in our industry and they are making a concerted effort for office workers," he says. Furthermore he is discouraged by public demands which take the form of "Cut out Joe's project, but leave mine alone." He feels, at the same time, that attempts are being made to get a "handle" on inflation.

Two other bankers taking part in the survey are R. Gene Consater, vice president and director of economic research, Bank of America, San Francisco, Calif., and Robert D. Williams, president and chief executive officer, First National Bank of Arizona, Phoenix, Ariz.

Mr. Consater finds "the most encouraging aspect of the nation's economy at this time is the balanced nature of the expansion. The least encouraging is the rising levels of unit labor cost in manufacturing."

Mr. Williams is glad to see "indications of a return to a free economy and increased productivity." He is concerned over "the specter of pervasive inflation."

Bennett Archambault, president and chairman, Stewart-Warner Corp., Chicago, Ill., writes that most encouraging to him is "Nixon's intention of reducing nondefense spending" and least encouraging is "our budget and balance-of-trade deficits."

The adverse balance of payments bothers scores of company executives. Victor T. Ehre, president and chairman of the board, Utica Mutual Insurance Co., finds it discouraging. His company profits will be "about the same" in 1973 as in 1972 and somewhat less money will be spent on capital improvements. The nation's economy, he says, will go on up this year and level off in 1974.

Carl K. Gieringer, president, Cincinnati Time Recorder, Cincinnati, Ohio, says unions are tougher to deal with in the "nitty-gritty problems and grievances" but he's hopeful that inflation is being checked. **END**

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ature walks, among Sen. Buckley's favorite hobbies, reflect his deep interest in environmental issues.

A Conservative Looks at Congress

For a man who once volunteered for a political suicide mission, James L. Buckley is in remarkably good shape.

Elected to the U.S. Senate from New York only 29 months ago, he has already acquired national recognition as an outspoken champion of what he calls "basically common-sense views."

He's a personable, articulate conservative, a longtime Republican, who was elected to the Senate as a member of New York's small Conservative Party. Since then, he has become one of the most sought-after Senators to address Republican gatherings all over the country, and the 5,000-plus letters that flood into his office weekly include a substantial number from non-New Yorkers voicing support for his stands.

He has a clear-cut approach to the wide range of business and other issues now before Congress, and has no hesitation about bringing his conservative philosophy to bear on them.

"For too long, the floor of the Senate has been dominated by one viewpoint," he says in an unmistakable

ROBERT T. GRAY, author of this article, is a Nation's Business associate editor who specializes in covering Congress.

NATION'S BUSINESS/APRIL 1973



Sen. Buckley, along with Sen. Jacob K. Javits (R.-N.Y.), right, joined in presenting Secretary of Labor Peter J. Brennan, a New Yorker, at the Senate Labor Committee hearing on the Secretary's nomination.

reference to the heavy liberal theme of much Senate oratory. His official political designation on the Senate roster is "Conservative-Republican," and behind that is an unusual political story.

It began in 1968, when the tiny, struggling Conservative Party of New York State was looking desperately for someone to run for the Senate against candidates of the two major political parties. Both would mount multimillion-dollar campaigns run by professionals and backed by statewide organizations.

The Conservative Party could offer its candidate little beyond moral support and some enthusiastic, if inexperienced, campaign workers.

The David who stepped forward to challenge not one but two Goliaths was Jim Buckley, who until that point had lived quietly and privately as vice president of a family business serving the mineral exploration industry.

The Buckley family name was very much in the public eye, however, through the activities of his younger brother, William—editor, columnist and TV personality.

The Conservative Party of New York had been founded by Republicans determined to check what they saw as a leftward drift of their party.

Mr. Buckley, a lifelong Republican, agreed to take his lumps as a Senate candidate out of "a sense of duty" to show his support for what the new party was trying to do.

As expected, he lost. But there seldom has been such a spectacularly successful defeat: Mr. Buckley received 1.1 million votes, more than double the highest number ever given a third-party candidate in the state.

"The point of view I was expressing had fallen on a lot of responsive ears," he recalls of his initial political venture.

Established as a serious political contender, he ran again two years later: "I did so with the anticipation that I could really make it, that this campaign wouldn't just be a romantic gesture."

And a lot had happened in two years. The incumbent was Republican Sen. Charles Goodell. He had been appointed to serve out the term of Robert F. Kennedy, had become a leading critic of President Nixon on Viet Nam and other issues. As a result, Sen. Goodell fell completely out of favor, not only at the White House, but among a good many Republicans back home.

"In the election, the Republican and Democratic candidates' platforms were indistinguishable and so

A Conservative Looks at Congress

continued

it was them on one side and me on the other," Mr. Buckley recalls. His side won.

As a Senator, his interests have been well-nigh universal—preservation of the free enterprise system; environmentalism; national security; excessive government spending; drug abuse; proper welfare reform; minority business enterprise; tax relief for U.S. servicemen taken prisoner or missing in action in Viet Nam, to name some of them.

When he entered Congress, Sen. Buckley lined up with the Republicans, as expected, for purposes of committee assignments, seniority, organization of the Senate and other activities geared to the basic Democratic-Republican division in that chamber.

The only other Senator in a similar position was Harry F. Byrd Jr. of Virginia, a lifelong Democrat who won reelection in 1970 as an Independent but lined up with the Democrats for organizational purposes.

Sen. Buckley found life in Congress pretty much what he expected, he recalls, but adds: "I hadn't realized how many decisions were colored by purely political considerations. I was very naive, actually, on that one."

For example, he explains, "a lot of people who really didn't believe in it voted for the constitutional amendment to give equal rights to women. They kind of thought they had to vote for it, even though they were against it. They felt it was clear that the amendment would be passed in the Senate by a substantial majority and their vote wouldn't make any difference. Their attitude was: 'I'll go along with the majority to save myself the necessity of explaining two or four years from now exactly what I was up to.' It was a matter of political protection."

He was one of eight Senators who voted against it.

From his vantage point as a member elected by neither of the two major parties, Sen. Buckley has developed a unique appraisal of Congress.

The Senate, he believes, is about 10 to 15 years out of step with the times—it "incorporates a cultural lag" roughly equal to the average time its members have served.

Just about 10 years or so ago, he points out, Senate critics claimed that body was dominated by a Republican-Southern Democratic coalition "athwart the will of the people." Others viewed the Senate under that domination as a necessary check on the "brasher impulses" of the House of Representatives.

Today, Sen. Buckley says, things are just the opposite: "Senate liberals are in the majority and they do not reflect growing public opinion that is skeptical about the federal government's role in solving social problems."

And now the House has the job of checking excess spending ventures of the other body of Congress, the conservative Senator points out. "A member of the House" he says, "is particularly careful to keep abreast of his constituents' views because he or she must run for reelection every two years. And, because a House district is a relatively compact area, its residents tend to be more homogenous than a state-wide constituency and there is less impulse to try to appease fringe groups."

"On the other hand, a Senator's state-wide constituency contains many conflicting claims and interests and, for better or worse—I suspect the latter—he tends to pay a disproportionate amount of attention to the loudest voices, to editorial writers and commentators, to the fringe groups."

The end result, Sen. Buckley says, is that a Senator may be less sensitive than a Representative to basic shifts in the underlying mood of a broad segment of the electorate.

Sen. Buckley is by no means a doctrinaire thunderer. Besides, he doesn't look the part. He has one of the few brush-cuts left in Congress, where hair is either lengthening or nonexistent, and remains youthful looking despite the passage of his 50th birthday last month.

He has moved his family—his wife of 20 years and six children—into a Washington home that borders a park where he can indulge his hobby of nature walks.

His interest in environmentalism led him to seek appointment on the Senate Interior Committee, becoming one of only nine members from states



east of the Mississippi to serve on that panel since its organization in 1949. He also serves on the Public Works Committee and was a key figure in the development of antipollution legislation.

Sen. Buckley brings a low-keyed, analytical approach to the issues facing Congress, and the word "prudent" is apt to crop up frequently as he discusses what should be done about them.

He sometimes consults with experts in various fields in search of advice and guidance. That practice produced at least one surprise.

The Senator was "kind of alarmed" when President Nixon came up with the concept that a budget deficit wasn't necessarily inflationary if spending were kept within the theoretical amount of taxes a full-employment economy would produce.

"The first person I telephoned to seek guidance was Milton Friedman [the conservative economist]," Sen. Buckley recalls. Dr. Friedman's response: "As a matter of fact, I am the author of the full-employment budget concept."

While his sense of alarm was eased by Dr. Friedman's explanation of spending within the limits of what the economy could grow to, rather than what it was in a fixed, 12-month period, Sen. Buckley also paid heed



An instantly available, enthusiastic pool of campaign workers is among Sen. Buckley's assets at campaign time. With him during a 1970 election tour are wife Ann and (from left) children Jay, Andrew, David, Priscilla and Billy. Peter, another son, was not on hand at this stop.

to the economist's warnings that accurate forecasts were needed and that "once you get into deficit spending, a certain obvious discipline disappears." Says the Senator: "I think we've seen that, since we adopted the full-employment budget principle. A lot of people think it's just a disguise for deficit spending—if a \$12-billion deficit is O.K., why not \$18 billion, and so forth."

In current federal policies, Sen. Buckley sees a threat to the climate in which the free enterprise system has flourished in this country.

"No matter how much we may try to disguise the fact, the climate for a vigorous free economy is being eroded by inflation, protectionism and government intervention and controls," he says.

"We have been losing ground, and the principal blame must be placed at the door of government, at the door of Congress for its habit of creating programs without adequately assessing their practical consequences, and at the door of our bureaucracies for the seeming glee with which they so often abandon the rule of common sense as they generate their forms and regulations."

Among those bureaucracies: "No businessman needs to be reminded of the absurdities and burdens which have resulted from the Occupational

Safety and Health Act. It would appear that the excesses of OSHA are a health hazard in themselves, a hazard to the health of enterprise, especially the small enterprise which finds it so hard to cope with its arbitrary complexities. This is just one of a growing number of federal laws multiplying the cost of doing business in America today."

As a lawyer (Yale Law School, '49), former business executive and partisan of free enterprise, he finds another area of concern in proposals for establishing a Consumer Protection Agency to intervene before other federal agencies on behalf of consumer interests.

A Consumer Protection Agency bill died in Congress last year but is back again. Sen. Buckley terms it "a horror in terms of unleashing a troublemaker—one person and his little staff able to intervene in any dispute anywhere in the United States."

And he asks: "Who would define consumer interest? We've now got Lord knows how many agencies to handle specific areas of consumer interest."

"Is it in the interest of the consumer to have electricity—or to conserve the environment? The fact is, both are consumer interests, and I don't see how you can get one person in between and let him use his

discretion alone to determine what that interest is.

"At some point I think the public is going to begin to understand the cost of this type of consumerism—of overregulation, of the attempt to take so many risks out of life that the consumer ends up being ill-served. A certain number of people are going to make fools of themselves and if you try to protect 3 per cent from being foolish at the expense of the other 97 per cent, at some point the 97 per cent are going to say, 'This is a bad deal.'"

Among the biggest spending proposals facing Congress are those dealing with health care, including one plan for what amounts to a federal take-over at a cost which has been put at over \$90 billion a year.

Sen. Buckley comments:

"The proposition is advanced, in support of some of these health insurance proposals, that the American system of health care delivery is in some way fundamentally deficient and needs to be restructured from top to bottom. This criticism has been heard all too frequently in a variety of areas in recent years.

"The suggestion is made that everything in America is somehow corrupt and that existing forms must be torn out and replaced with new structures which, for the most part, must be under the control of government.

"The American people happily now seem to have had their fill of this 'what's-wrong-with-America' rhetoric. Certainly in the area of medical care, the facts suggest that no radical top-to-bottom changes are needed.

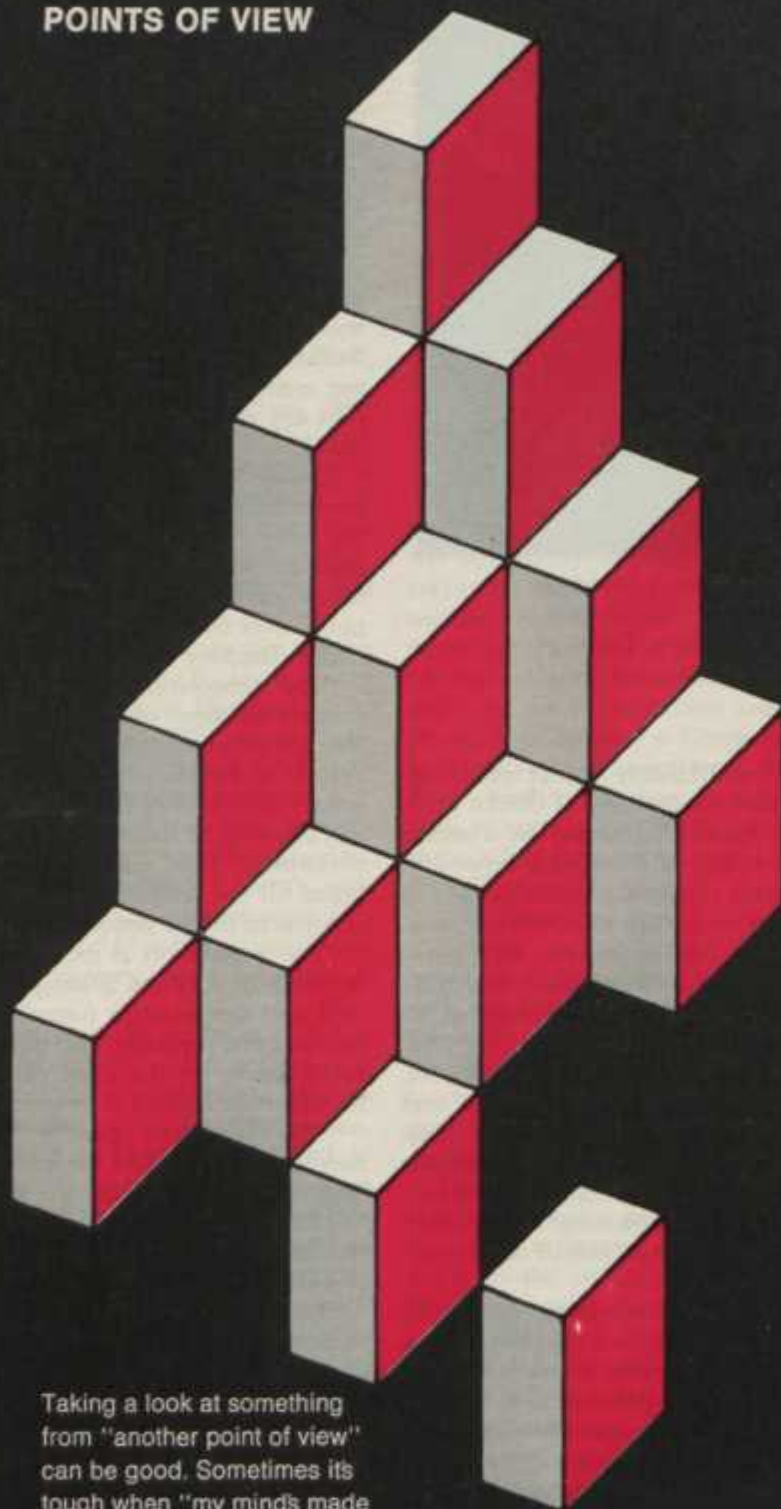
"I am unalterably opposed to any radical reorganization of our medical care system by federal legislation. I likewise oppose creation of a federal bureaucratic administration to oversee all health care delivery in this country.

"Needless to say, if the federal government does become the source of payment for health care services, it will have the controlling voice in how these services are rendered."

The federal role, he believes, should be limited to helping those unable to help themselves obtain proper medical care—areas where the private sector cannot provide a solution.

Otherwise, he says, "the provision

POINTS OF VIEW



Taking a look at something from "another point of view" can be good. Sometimes it's tough when "my mind's made up..."

Checking all viewpoints is a role at your chamber of commerce. It deserves your input—and will welcome it. When a decision is made "for the good of all" it will not always satisfy everyone. The important action is to get the facts, face the facts, then

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Pete Progress speaking for your chamber of commerce.

A Conservative and Congress *continued*

of health insurance is primarily the responsibility of the individual, and this insurance should be provided by the private sector."

Here are some of his views on other major Congressional issues:

National defense—There will be "far greater conflict between all kinds of domestic programs and defense spending" in this Congress, particularly as the Administration tries to cut back or hold the line on overall spending, and "with members of Congress in a mood to recapture—hopefully by exercising responsibility—prerogatives from the Executive branch."

"On the other hand, the reality is that the Russians are continuing to build up. The Strategic Arms Limitation Treaty [SALT] has not caused a cessation of their efforts to increase their military strength relative to that of the United States. My guess is that we in Congress will give a very close scrutiny to the military budget. It is desirable to do so in any event—but hopefully we will not neglect our defenses."

Tax reform—"I'm not quite sure that there are glaring inequities in our tax system, although it needs to be constantly reviewed. There are some problems but not the major ones you hear when people talk about tax reform. Most of the so-called loopholes—tax-free income from municipal bonds, interest on mortgage payments, the depletion allowance, you name it—were deliberately adopted for reasons of policy or equity which at the moment seemed good. Maybe they have outlived their usefulness. But I think it should be recognized that, once there is a set of rules, the business community has no choice but to operate within those rules; they become an economic fact of life. To discontinue suddenly something that has become ingrained in the economic process is inequitable."

"We need to strive for simplicity. The more complicated the structure—rules, regulations, etc.—the larger the opportunity there is to manipulate within the rules. The kind of reform that appeals to me would be a trade-off—eliminating all of these goodies in exchange for a 20 per cent tax rate, something of that sort."

Environmentalism—"There is not



President Nixon discusses issues with Sen. Buckley, who is among his leading supporters on checking federal spending and power.

much more to be done by Congress, although there are still areas such as offshore wetlands and solid waste disposal that still need handling. But we have water legislation and air legislation. I think we need now to have continuing oversight to make sure they are working constructively and not destructively.

"I think there is work to be done, which won't be costly, in terms of basic research.

"There has been a tendency toward overregulation at the Washington level. I would rather see us set minimum goals and maintain maximum flexibility in states and localities in meeting those goals. I think that would be more efficient and more effective."

Environmental costs—"Environmental progress will be very costly in the sense of direct, measurable spending, but not in terms of what the economists call internalizing. Dirty air costs us a thousand different ways in terms of health, keeping our buildings clean, damaged crops, damaged shade trees. It will become a user-pay type of situation, with the party responsible coping with the wastes be-

fore they get into the environment. That will appear costly in the immediate sense but I am not sure it will add that much to the total cost of the economy.

"At the same time, it is possible to overspend. You can't build more sewage disposal plants than there are contractors competent to do it. Otherwise, all you do is bid up the cost. You don't accomplish anything more.

"As with anything else, there's got to be a prudent judgment as to where these lines are of maximum achievement and to recognize there are a lot of competing demands for the environmental dollar. And we should in some instances be willing to make progress slowly so long as we are getting ahead of the situation."

Energy crisis—"There are certain environmentalists who can never be satisfied even by going back to the kerosene lamp, which the public is not going to do. Many other environmentalists understand there has to be a middle ground. One thing I fear is the possibility of a backlash.

"There was a breakthrough in the whole environmental mood of the country in the late 1960s, which made all our legislative gains possible. You have to have public support. But if certain environmentalists press things so hard that the public believes their goals are unreasonable or threaten severe dislocations, such as prolonged blackouts or rationing of fuel, we could have a backlash that could set us far behind where we are today."

Minimum wage—A bill that does not provide a wage differential for younger workers would be "anti-young, anti-poor, anti-black."

"Giving younger workers the same 25 per cent increase (from \$1.60 to \$2 an hour) that many members of Congress proposed for older workers would increase the unemployment rate by up to 16.4 per cent for whites aged 16 to 19 and up to 40 per cent for nonwhites within the same age group.

"We simply cannot ignore the special factors which distinguish the young seeking steady employment for the first time in their lives from the other, more seasoned workers who have already had the chance to learn basic work habits and skills." **END**

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A Survival Strategy for the World Corporation

Companies whose interests cross national lines have a common need to show one and all that they aren't really bogeymen

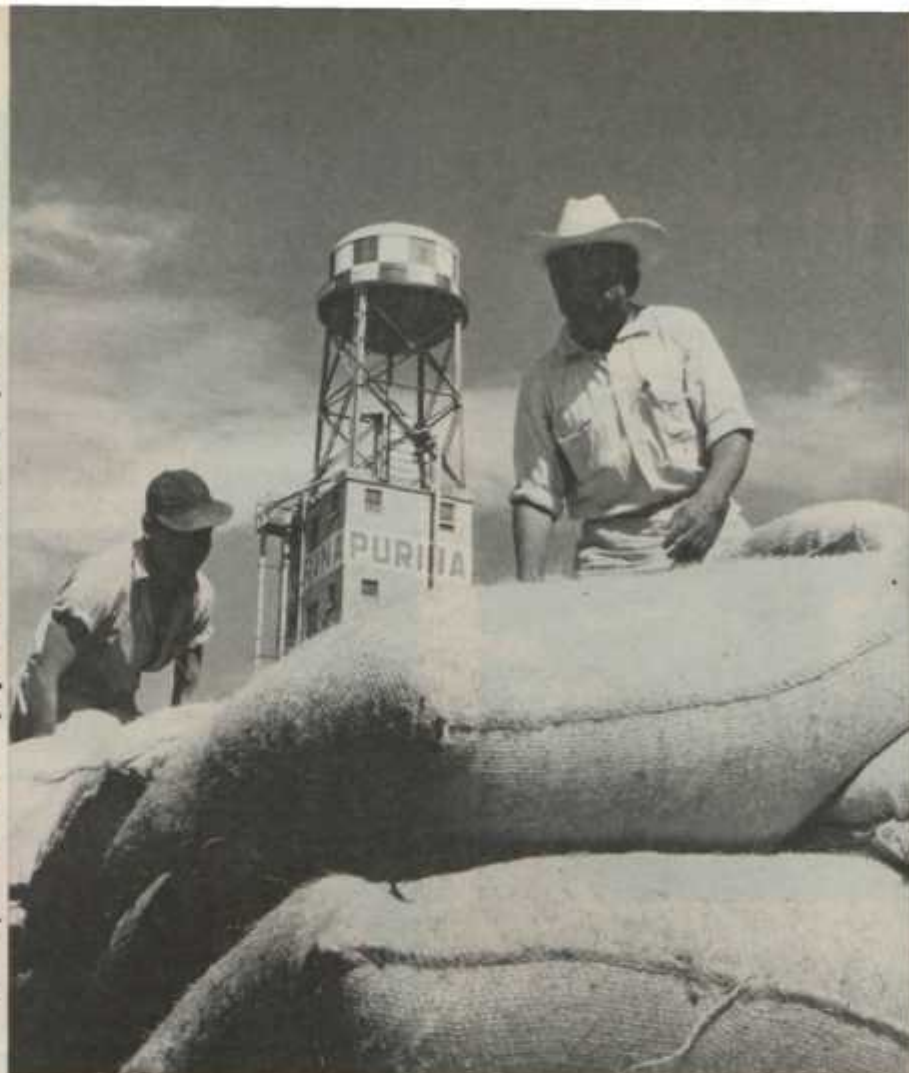
The world corporation is far and away the most potent socioeconomic force on the globe today, with greater immediate impact and long-range potential than any other international institution.

It is building solid working alliances among men and nations at a speed and on an economic scale dwarfing other multinational organizations and movements.

This operational phenomenon has proved its ability to help build the basic structures of society, create jobs, transfer funds and technology, improve skills, raise living and health standards, end hunger and pay the taxes that build the schools and libraries and hospitals.

The world corporation is teaching governments that a multitude of nationalities can get along with each other in working toward common objectives. A good example is Parke-Davis, which operates and employs host nationals in 106 different coun-

GENE E. BRADLEY, author of this article, is a former General Electric Co. executive and White House consultant. He now is president of the non-profit International Management and Development Institute, designed to help strengthen corporate management teams internationally.



Ralston Purina, which has three plants producing Purina Chow animal feed in Colombia and two more under construction there, has helped farmers boost meat output and has raised living standards for Colombians in its employ.

tries, manufacturing in 30 of them, and training managers and other professionals from at least a dozen.

As former Under Secretary of State George W. Ball said before the New York Chamber of Commerce: "The multinational corporation is planning and acting in terms that are well in advance of the political ideas by which the world is organized."

And from France comes this appraisal by Olivier Giscard d'Estaing, a member of the National Assembly and brother of the French Finance Minister: "The manager of the multinational corporation plays a fundamental role in today's evolution, because his corporation prefigures our international society of tomorrow."

Yet at this moment of greatest promise, the world corporation is under attack and fighting for its survival.

Why?

Because—to many—it is frightening in its success.

Because it is still learning to cope with its growing responsibilities.

Because it has exploded on the world scene with the same kind of force with which the U.S. national corporation exploded on the American scene half a century ago, upsetting traditional thought and patterns.

The fears are based more on emotions than logic, but they do exist and they threaten the future of world corporations.

What, then, can these corporations, and their governments, do to meet these fears?

Taking the initiative

Excellent books have discussed the need for "good citizenship" by multinational firms, and a variety of management techniques under which they can operate. But little has been said about the need for corporate initiatives in dealing with governments and with other firms sharing a common multinational interest.



Exxon Corp. has invested heavily in poverty-plagued southern Italy. A refinery in Sicily's Siracusa Province employs hundreds and has attracted other industry. Exxon men help at a nearby government vocational school.

World corporations, for instance, should set for themselves standards of self-regulation and controls. This is imperative to discourage some countries from reacting emotionally against the multinationals with their own punitive controls, up to and including out-and-out expropriation.

Charles W. Robinson, president of Marcona Corp.'s international mining and shipping businesses, feels this point deeply. Merely defending the multinational is the shortest route to destruction, he says.

At last year's Pacific Basin Economic Conference in Wellington, New Zealand, he cautioned:

"As multinational business leaders, we are inclined to react emotionally to what we view as an unreasonable attack on our position. But to me it is critical that we reflect on this trend objectively, accepting the fact that 90 per cent of the free world population has a growing fear of giant corporations."

Referring to laws which set the ground rules for doing business fairly and competitively at home, Mr. Robinson noted that there is no similar governmental mechanism to apply uniform policies in the international arena where so many companies of all nationalities now do business.

"Ultimately, we may see the development of an intergovernmental mechanism assuring a harmonizing of corporate and national interests on a global basis," he continued.

"However, our crisis is much closer at hand and I hold the firm conviction that we business leaders must take the initiative to reassure the world that corporate objectives can and will parallel legitimate national goals.

"We must prove this by our actions—not just with words."

No system of basic principles aimed at both corporate and government responsibility has yet been worked out.

However, one point is clear: Corporate planning on a multinational, multicorporate basis is overdue. There is as much commonality of interest among corporations as there is among nations.

Planning must go well beyond the negative—what not to do—to the positive. The challenge for multinational corporations' leaders is to program a business-social world that is desirable and economically attainable, and then to devise the machinery for achieving that goal.

In this task a very special responsibility falls to the U.S. executive. It is not national conceit to say that much of the rest of the world looks to the U.S. for leadership. Of the 40 largest multinational corporations, 25 are headquartered in this country. U.S. executives cannot escape the demand for leadership approaching statesmanship.

The responsibility goes beyond meeting conventional measurements of growth and profitability. It includes working in social partnership with nations and international governmental and financial institutions.

Whether the businessman likes it or not, the international balance is shifting from the professional diplomat to himself. He has become a decisive element in national policy and foreign affairs. The corporation has become the cutting edge in development, technology and economic growth.

Also, the corporation is the key to self-help, ultimately the best solution to world poverty and despair.

The corporation can be light years ahead of the government in the self-help process, and hundreds of examples could be cited to prove this.

Coke sparkles in Kenya

Take Coca-Cola in Kenya. Coke's goal was simple: To set up a bottling plant in Africa. To do this, its managers also had to set up a bottle-making factory (which meant training Kenyans), and garages for the trucks (more training), plus a water purification unit which gave the entire community clean water. Before they were through, they had trained scores of Kenyans and set up several new business ventures.

Even more dramatic is the story

A Survival Strategy for the World Corporation *continued*

of Champion International in Brazil—where, in 12 years, the company planted 75 million trees in a depressed region, creating a whole new pulp and paper industry. Local people were trained to work in the mill; and today, of 1,400 employees, only three are North Americans. Ten years ago, these Brazilian workers walked barefoot to their jobs. Today, one of the mill's biggest problems is an inadequate parking lot.

For years, Borden Co. has been training blacks to use powdered milk in the bush country of Africa. Such companies have never received a fraction of the public recognition they deserve for their contributions to the feeding of millions.

Similarly, oil companies have, without publicity, helped people acquire skills on a scale often beyond the capacity of many host governments. In Ecuador, for example, Gulf Oil, in cooperation with Texaco and with encouragement from the government, helped initiate the country's first top management training programs. The courses have aimed at bringing together senior executives from both the private and public sectors. Nearly 600 managers have thus far been exposed to this training, among them seven ministers of the present government.

When Ralston Purina moved into Colombia to sell animal and chicken feed, the first job was to educate the farmers and peasants on what the feed could do for them—how it would increase their incomes and improve their lives. Next, the people who were selling the feed were trained to teach the farmers how to use it. The company trained about 200 natives on its own payroll and helped unnumbered Colombians to increase their food production.

The Sears story in Latin America is legend: Modern marketing and middle-class distribution were introduced in countries where only the very wealthy had had access either to training or quality merchandise.

In Scotland, Honeywell went to work for depressed communities, using its computers to match up manpower with social needs.

In Mexico, Eastman Kodak created a film industry, with a training-and-development program that raised

skills and quality standards to the level of those in the U.S. In Europe, where its British, French and German subsidiaries have been in business for decades, Eastman is generally considered not American but European. The companies are managed entirely by Europeans.

Exxon Corp. has been in Italy since 1891, employs some 2,500 people, uses about 20 per cent of the capacity of Italian tankers, and has invested heavily in the depressed southern area. It has created 15 employee clubs, sponsored such events as national ski championships, tennis competitions and soccer and bridge tournaments, and distributed educational films to about 1,000 high schools.

Ford and a five-nation team

In the Pacific, Ford Motor Co. has made a proposal that gets to the heart not just of the development of people and societies, but of linking societies in a multinational team effort.

Henry Ford proposed to a prime ministers' meeting of the Association of Southeast Asian Nations that a core of five countries—Indonesia, Malaysia, Singapore, Thailand and the Philippines—participate with Ford in forming a complete new multinational auto industry, based on a system of regional free trade in motor vehicles and components.

Each country would concentrate on high-volume, low-cost production of a different set of components for the whole region. Each country would assemble vehicles using components from all over the region. Each government would permit imports equivalent in foreign exchange value to its exports.

The advantages include new income for each country, reduced foreign exchange outflow, less expensive vehicles, more efficient industry, greater tax revenues.

Here is a case where the initiative has come from the private sector. But it cannot succeed without government support.

No believer in our system would suggest that government dominate U.S. business. Far from it. Business guards its rights against government; and conversely, government should

and must keep itself free from questionable persuasions from business.

America's society is based on a plurality of interests, and on checks and balances where each party guards against a take-over by another.

Given this precaution, the adversary concept between U.S. government and business must be buried, or the U.S. government-industry team (so-called) will be buried under foreign competition.

American businessmen have not received the kind of support from the White House, the State, Commerce, Treasury and Justice Departments, Congress and the regulatory agencies that (for example) Japanese, Brazilian and European businessmen receive from their governments.

The President is aware of this.

His two devaluations of the dollar have helped American companies become more competitive in foreign trade.

The State Department has passed the word to embassies that businessmen should be given more time, attention and backing. There is a movement by the Office of Management and Budget to propose ways to improve commercial representation overseas.

And legislative proposals are being readied to prepare this nation for a tough-minded round of negotiating on tariff and nontariff barriers.

But this isn't enough. U.S. productivity growth has lagged behind that of many other countries. America has lost its lead in investments and technology.

Only the President can take the initiative to mobilize government, industry and labor into a national foreign commerce offensive.

President Kennedy did not usurp the rights of business when he announced—as a national objective—that America was going to land on the moon by the end of the 1960s.

Nor will President Nixon alienate business and labor—or our overseas trading partners—by announcing national goals in world commerce for the end of the 1970s.

The mood of this nation is excellent for such an offensive to build peace through business growth.

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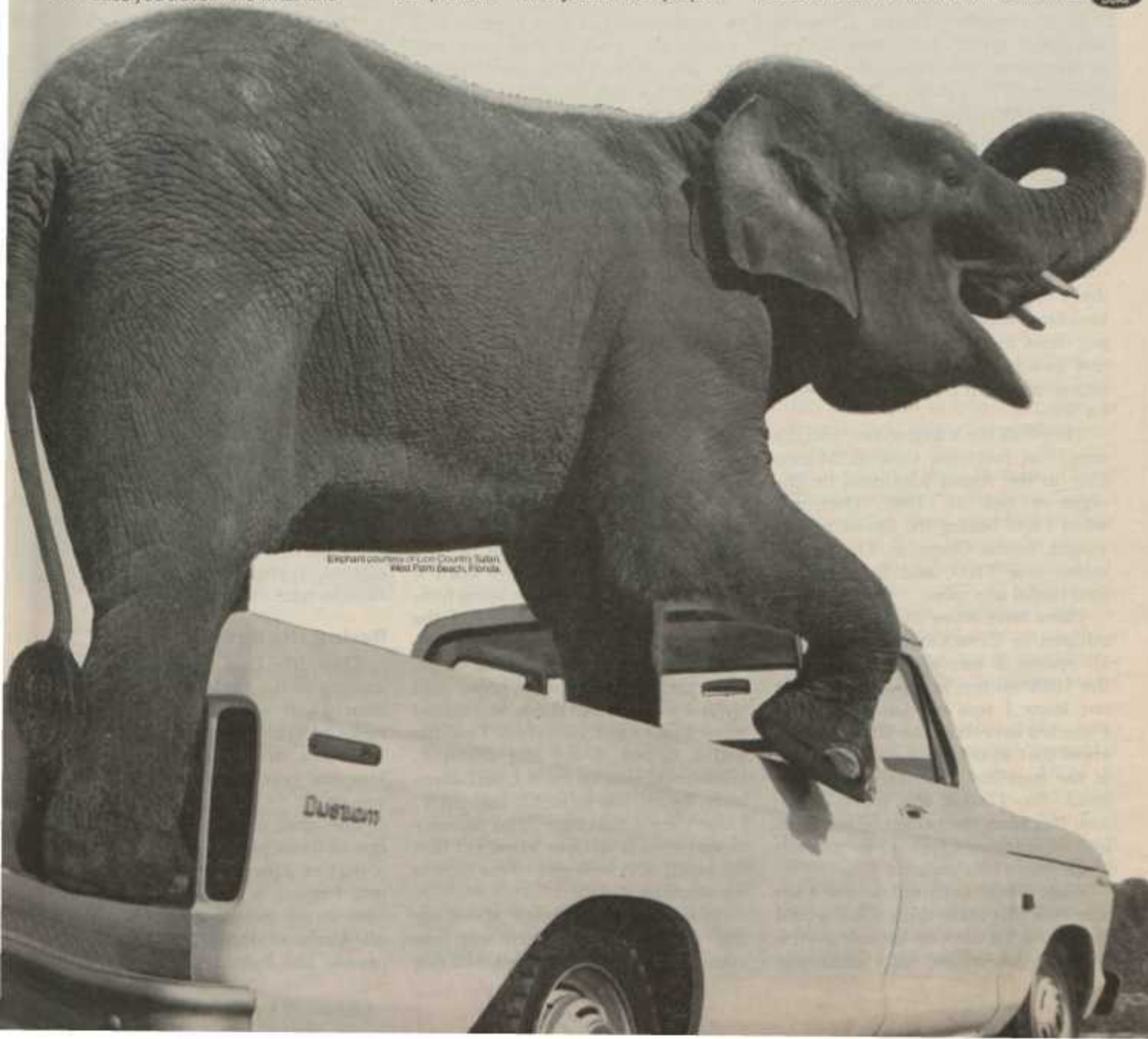
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Don't Knock the American System to Me!

BY GEORGE FOREMAN—World Heavyweight Champion

An ex-Jobs Corpsman tells how he learned that, in this country, the opportunity is there if you're willing to do your part

In my business, boxing, I know a lot about giving hard knocks, and getting them, too. That's the kind of business it is. I accept it for being that. But knocking the American system, that I can't take.

If there is give and take in life, and I know for sure there is, and some of it rough stuff, a man has to find out early in his life how much of each he has capacity for.

I found out early, though, that you don't get much of anywhere by knocking success. The really smart guy tries to find out why it works, and how he can get in that kind of action, and then tries to make it work for him.

They call me a flag-waver, and it's true. Not just that time in Mexico City in the Arena Mexicana on the night of Oct. 27, 1968. That was when I had beaten the Soviet heavyweight, Ionnis Chepulis. The referee called it a TKO, and the Olympic gold medal was mine.

There were more than 2,000 black athletes in those Olympic Games in all sports. I was afraid—even with the USA on my jersey—they might not know I was an American. And I wanted everybody to know, and to know that at that moment I was one of the happiest Americans who ever lived. So, I took the little American flag from the pocket of my robe, and waved it as I took a bow to each of the ring's four corners.

What never occurred to me then was that this little thing I did would be translated into an opposing view to the "black power" fever which was

so much a part of that Olympics. It wasn't that at all. If that other way was how John Carlos and Tommy Smith felt—well, the America I came from is a free country, and they were entitled to do or say what they felt or thought. I was so proud, I was just doing what came naturally to me. It was my "thing," and thank God, it is still my "thing."

Casting about for places to put blame for the troubles a person has is an old human trait. "They" is an easier word to use than "I," when things don't go right. But in getting by an obstacle, or a trouble, or a problem, the key—and I know this because I've had them all, and still have some—is to take after it, all alone if that's the only way.

More times than not, battles have to be taken on alone. The messes a man gets into, they're the same. They didn't hunt him up; he went looking for them, whether he always knew it or not. He has to get into them himself, even if he has company at the time.

Nobody got me down in the street, for example, held my nose, and poured cheap wine down my throat when I was a kid. Not at all. I got the bottle, tipped it up, and drank it. Who would believe me if I said somebody forced me to drink that stuff? I don't force that easy. The memory of that wine is so clear to me yet that the smell of it now makes me sick to my stomach.

And when I was going about my first record-setting—which was how many windows I could break in a row

without getting caught—I can't lay that idea on anybody else's doorstep. It was all my own, and I got all the way up to 200 before the Houston police thought it just might be me and looked me up to talk about it. It was quite a record, if one just wanted to look at the size of it, but it wasn't sensible or respectable to do it.

These were things that happened when I thought I had nothing going for me, but it was mostly my own attitude toward life that made it so. There was the high school there in the bloody Fifth Ward of Houston, and I dropped out of it in the ninth grade. It was my decision, not the school's. That and the other things caused my mother—bless her for all the suffering she endured for me—to have a nervous breakdown. That was my decision, being a bad guy and causing it, not hers. I had about lost faith in everything before I was even started, I guess, but she never lost faith in me.

Seeing the light

Then, like Paul on the way to Damascus in the Bible story, my vision cleared up and the time came to make a right decision. I did it.

It was in an unlikely place, a Houston pool hall, and the TV set was on.

The man on the tube was doing one of those public service spots. It's a part of America that when a man gets famous, is a celebrity, they ask him to do these commercials about all kinds of things. Some are for causes, like fighting cancer, or help-



George Foreman doesn't have to get himself into condition for a title fight—he always stays in shape. Before a bout, he has only to increase the tempo of workouts. Some are before admiring audiences of kids.



Foreman was a good fighter, but little known, until 1968 when he whipped a Russian in the Olympics and then danced around the ring waving the American flag.

ing retarded kids. This guy was recruiting, and he was saying he was once a down-and-out himself.

Boy, was he on my wavelength, talking my language! I listened to him, half-like at first, and then he said he had this one skill, and finally got a chance to use it, and made it big. To anybody listening who needed a skill to get a job, he said, why not give the Job Corps a try?

So, I laid down that pool cue, and picked up hope. That's for me, I told myself, and they took me. There was some money in it, \$30 a month, and \$50 to go in the bank, and they'd send some home to my mother. Did she ever need it then!

It wasn't until then that it began to come to me what America was really all about, how there were things being done to really try to help people such as me find some way out. I was first in a Job Corps Center in Oregon, and then went to a big one, the Parks Job Corps Center, near Pleasanton in California.

It had a big company running it, Litton Industries. How come? Well, they were used to bringing people in through their employment offices and then teaching them whatever skill was needed for them to make or manufacture something. People just don't come off the street ready-made to do such work, they have to be taught. At Parks, they had courses in business machine repair, in electronics, auto mechanics, building maintenance and custodial services and how to cook. They put me in electronics, and had me putting transistor radios together.

But I was a rambunctious teenager, full of vinegar, and thought I was a pretty tough guy. Liked to fight, anywhere, anybody, the whole thing. But that wasn't the kind of place it was; it wasn't any western copy of my old Fifth Ward slum back in Houston. R. Sargent Shriver, the head of this war on poverty agency—Office of Economic Opportunity—he was telling the centers to throw the



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Don't Knock the American System

continued

troublemakers out. I was headed out, no question about that, and to be honest about it, I didn't care all that much.

Litton Industries had put a man in there as the center director, Dr. Stephen Uslan, a fine man. When he was getting all this advice from his staff to send me packing, he said No. He said I was the kind of material the center had been set up to deal with. It wouldn't solve anything, he told them, just throwing George Foreman out. I had been thrown out of a lot of things by then, and it hadn't impressed or improved me much, was the way he put it. And then, he said the words which really turned George Foreman around.

"If he likes to fight so much," he told those staff guys, "put him in the ring down in the rec hall, and let him get it out of his system that way."

In business, you see, they can't really stand it when something won't work. They try one way, and then another, and they keep trying until they find the combination. Litton was especially good about things never tried before, and they had the guts to give it another try, and they took another swing at the George Foreman problem.

And then I found out what a long way it is from just an idea to a real, accomplished dream. I hit a lot of people, and I was awkward. I found out if I could connect, I could jolt them. I knew that, but also that I needed a lot of honing. I must have been the dullest knife in town.

But there are professionals in everything who know how to mold people, and Litton had one of them in that rec hall. His name was, and is, Charles R. "Doc" Broadus. They hadn't just hired a man and sent him down there to work in the rec hall when they got Doc. He had been in this boxing thing for 35 years or more. If I would listen to him and follow his instructions, he said, he'd get me into Golden Gloves, and maybe on the Olympic team, and then I could turn pro. He said that he thought I could be champion one day, but that I would have to make up my mind to work for it.

Now down there in Houston in the slum I came from, there wasn't too much talk about working for any-



After winning an Olympic Games gold medal, Foreman went to the White House to present a plaque to President Johnson praising him for starting the Job Corps, which gave Foreman himself a new start.

thing. People got money a lot of the time from being what was called smart—or from taking advantage of somebody. People walked on both sides of the line, as far as the law was concerned. But Doc said I could get it all, everything that went with it, if I was willing to work for it.

A big four-letter word

Work is such a big four-letter word. I'd known a lot of the other four-letter words and they couldn't help anybody. This one meant sweat. It meant getting banged around. It meant being more tired than I had ever been in my life. And sore in more places, too. But when I went into Golden Gloves, I found it paid off, and I won. Then there were the Olympic trials in Toledo, Ohio, and by a hair, I made the Olympic team. Litton sent Doc Broadus and one of its executives, a onetime Air Force colonel, Barney Oldfield, down to Mexico City with me.

What I didn't know then was that as early as June, 1968 (the Olympics were in October), Barney had written to several friends of his, sportswriters, people like that, telling them to interview me in Mexico City because, he said: "George Foreman will

win the gold medal, and go on to be heavyweight champion of the world."

It meant a lot to me, finding out such things, and that work was getting me closer and closer to where I wanted to be in life, and that other people were believing in me, other than my mother. And because I like kids, I found the ones who lived in slums as I had, and others, too, were beginning to hang around me. They wanted to talk to me and they were paying attention to what I said. The more I won, the more they tuned me in. What a difference it makes when you first have that feeling that people are looking up to you, and not down on you!

That night, after winning in Mexico City, I couldn't bear to take the gold medal from around my neck. It was my badge, my reminder. The ones around me now had been telling me the truth: Work and get with it, and you can have it all.

I had put a phone call in to my mother in Houston. She was always worrying about me getting hurt. Not the other guy, just me, her little boy, all 220 pounds of him. But I felt a desperate need to talk to her, to tell her that finally all those young boy kitchen conversations and dreams we

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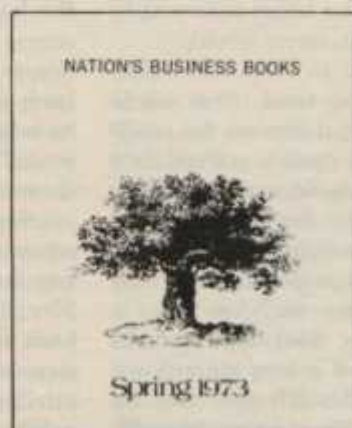
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Don't Knock the American System to Me! *con'tinued*

used to have were starting to come true.

While I was talking with her, Barney waited, and when I came back to the table, he said that if it was all right with me, he was going to call the White House in Washington. He was going to remind them that this George Foreman who won in Mexico City was a Job Corpsman.

It was a program President Lyndon B. Johnson had brought about himself, and now he would surely want to see me and tell me himself how proud he was. Imagine! "Man, you're too much," I told Barney.

On Nov. 18, 1968—just three weeks later—Charles B. "Tex" Thornton, Litton's board chairman; Eugene Allen, of the Parks Job Corps Center; Barney and myself, we were walking up to the White House on our way to visit the President of the United States!

A gift to the President

I was carrying a little plaque I wanted to give him. I didn't know whether it was the right thing to be doing or not, but almost every time I saw pictures of him, he was giving something to somebody. I felt I owed him something. I was about to learn that whatever your heart tells you to do is always right, never wrong.

When I gave it to President Johnson, he looked so tired. The whole country kind of had him on the ropes then. To bring it back together, he'd made the big decision not to be their punching bag any more. I told him the plaque was to thank him for making the Job Corps possible—giving young Americans such as me a chance for hope, and dignity and self-respect. I saw a tear start down his cheek from his left eye. But he was sharp, too. Recovering himself, and waving the plaque at the press who were there in his Oval Office with us, he told them he was going to keep it there where they could see it everytime they came in, to let 'em know there was one person in the world who thought he had done something right!

I learned a lot about America that day: That when you're right, and do right in a big way, even the President of the United States will have you in to tell about it, and encour-

age you to keep on, now that you've found out what it's like. And I was standing there with him, and he had once been poor, too, and was a not-too-well-educated Texas boy who had refused many times along the way to be licked. He was going out of that White House, a man who had championed the cause of a lot of people, including me, and however bad he may have felt, I knew he could live with himself for all he had done.

Tex Thornton said he was proud of me, the way it had gone there in the White House, and he said he would always be available to me for any advice I might need, that I had only to ask. He even said he and some of his friends would put together a kind of syndicate, or association, which would back me and keep me from having to take any offers which might not be good for me in the long run. When I told him I wanted to try it alone, he respected that, and understood it, and accepted it.

Somewhere, I kept telling myself, I have to begin making my own decisions, and it might as well be now. The professional thing was on my mind, and I talked with Dick Sadler about being my manager-trainer. He had had a long string of champions, the last being Sonny Liston. I had a strong feeling, an admiration, for Sonny. He had had so far to come back when he started, from the hole he was in, and he did it. He came to a sad end, but in what he did, he showed all things were possible.

[Sonny Liston, who had many scrapes with the law during his life, was found dead in his Las Vegas, Nev., home in January, 1971. He had been dead for about a week. Drugs were at the scene, but the death was attributed officially to natural causes.]

Work! That word again. Dick Sadler told me about how much of it I had to take on now. He said the road ahead was bumpy, and had turns in it, lots of them. There were some places we fought in where we almost had to borrow money, or hock something, to get out of town. We had trouble getting opponents. Boxing writers were saying I fought Joe Namelesses and Bill Whozitses, and that I had to get more experience, when I couldn't get most of the ones I fought to stand up long enough to

give me any. All this was what Dick Sadler had meant by work, that it could include frustration and hopelessness and fighting off giving in to them. There was wood to split. And at 6:30 in the morning, running those three-mile exercises when other people were still all asleep. Then the gym, the bag—the little one and the big one—over and over.

A financial crisis

I was hurting for money. I wanted to get married to Adrienne, a pretty girl I knew. A guy can't be smart enough to dodge everything. I signed some papers with some people, and I got married early in 1972 and we were very happy. Then the big chance came, and I signed for the fight with Joe Frazier for the championship in Jamaica. Right then, everything went sour in my mouth. I found that in the fight business, it's not just yourself, the guy you're fighting, and the referee in there with you—in spite of everything you try to do, you pick up partners, people who share in you, who know how to play you and your desires, and they have more to say about you than they should. When you have been living from day to day all your life, the implications of what you sign today don't look as big as they will tomorrow.

I got caught up in one of these things, not the first fighter to have it happen to him nor probably the last. But it upset me so, the only thing I could think of was quitting the ring. I meant it. The lawyers all gathered around me and begged me to go ahead; suits were filed, and finally, in a kind of desperation, they asked me if I had a friend somewhere that I trusted. They wanted to explain it all to him, they said, and then he could advise me. I remembered Litton Industries, and told them to call Barney Oldfield. It was 3 o'clock in the morning in California when he got the call from New York, and after bringing him up out of a deep sleep, they talked with him for a half hour or more.

The next day, he called me.

I told him I didn't want to fight Joe Frazier, even if I knew I could beat him. So many people had gotten their hands into my money, I didn't

want to be another sad story in boxing for people to write about. I said I might as well forget the whole thing.

But Barney told me: "George, the only thing I figure you can do is go knock Joe Frazier out, and then come back and show people you can take all this. If you don't go ahead with the fight, they'll all be writing you're scared or something." He said it was a legal contract, and the important thing was to win the title and then argue.

Suddenly, it all cleared up for me. I was really fighting everybody but Joe Frazier, and he was the one to beat. "They" didn't mean anything. It was just the same old "they" to blame things on again, and I was beyond that. I had to be. What I was in was a business, and I had to treat it like a business, where contracts were contracts, and if I didn't have integrity about a contract, however bad it might be, what would I have left?

It was off to Jamaica, even though my wife, Adrienne, was pregnant, and the baby was due. On Jan. 6, there in Kingston, I heard that my baby girl, Michi Helene, had been born in far off Minneapolis. On Jan. 10, I became 24 years old. On Jan. 22, after a minute and a half of the second round and when he had been knocked down six times by me, Joe Frazier—the favorite of almost every boxing writer and odds-maker in the world—had lost his heavyweight crown, and it was mine! Bad as I had felt about not being able to be with my wife when our baby came, it was one of the things life asks of you in keeping things in focus, and I could now get home to them—a champion.

Giving thanks

In the delirium of the ring, I guess I thought of everyone—the ones who believed in me and had done things for me.

Among them was Johnny Unitas, the famous pro football quarterback, the one who had done the public service TV spot about the Job Corps which sent me off in this new direction.

I didn't know until after the fight that President Johnson had died while I was on the way to the sta-



Col. Barney Oldfield and Charles R. "Doc" Broadus are two of George Foreman's closest friends and advisers. It was Doc (right) who persuaded him he could be boxing champ if he worked for it.

dium. They kept it from me. It gave me a chill to think back to that day in 1968 when, there in the White House, he had asked me when I thought I'd be heavyweight champion, and I said I didn't know. It made me sad to think he couldn't have lived one more day and read about what had happened in Jamaica that night. Without his Job Corps, I wouldn't have been there.

So, don't talk down the American system to me. I know what men go through to make it run. I also know that some of its rewards can be there for anybody, if he will make up his mind, bend his back, lean hard into his chores and refuse to allow anything to defeat him.

The first thing I did in my dressing room that night after the fight in Jamaica was close the door, with Doc Broadus and Barney Oldfield in there with me. I went down to the foot of the old training table, got

down on my knees, and thanked my God—for everything, for everybody, and for the determination He gave me to see it through. Perhaps there are several who deserve as much as I do to be champion, and perhaps they, too, will have their chance, but none can feel any more fortunate than I do to hold the title while I can.

I can truly say I worked for it. I say, worship the opportunity this country grants to those who will really try, don't knock it.

I'll wave that flag in every public place I can. END

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AFTER APOLLO

New Goals in Space

We've breached the frontier, says a NASA expert, and now it's time to use our Skylab program to work on some of mankind's crucial problems



Dr. Kurt H. Debus, a veteran official in our space program, thinks future space projects will concentrate more on the useful application of scientific findings. This new emphasis will be quite important for business, he thinks.

As you gaze across the imposing office of Dr. Kurt H. Debus, director of the John F. Kennedy Space Center, you are faintly aware that there is something peculiar about that globe resting on a stand.

On closer inspection, you see that it is not the earth at all, but the moon in all its mysterious detail. That's quite appropriate, for this is the office of the National Aeronautics and Space Administration's scientist-manager who has successfully directed all of the nation's moon shots.

Dr. Debus, who says he's "just a plumber," also has supervised manned and unmanned space launchings from Cape Kennedy since the first military rockets were fired there more than 20 years ago.

Now that the dramatic Apollo lunar landing program has ended, the space program is about to enter a new phase of considerable importance to the business community. The emphasis of the future will be on

the earthly application of what we have learned in the heavens.

From Florida's Kennedy Space Center facilities, Dr. Debus will direct the planned launching of Skylab, this country's first space laboratory, next month, plus three launches later in the year to send scientists to the laboratory in the sky. More than 50 experiments will be conducted during the many weeks men will spend in the 10,000-cubic foot workshop in space.

Probably of most interest to businessmen will be experiments to develop techniques for observing and analyzing the earth to better measure and manage the environment. This could range from detecting crop diseases to finding hidden minerals. Experiments also will be made to see what new materials can be formed in the zero gravity of space—materials with qualities superior to any substance now used on earth. Among the possibilities: Steel foam.

The next major space development after Skylab will be the space shuttle. The shuttle, too, will be launched from Kennedy Space Center, with test flights scheduled for 1978. It will carry men and instruments into orbit at a fraction of the cost of current space launches. The shuttle will be developed at an outlay of about \$5 billion. The Apollo program cost about \$25 billion. Unlike the present space vehicles, the shuttle will be used again and again.

In this interview, Dr. Debus tells of the potential both for technology and for cost-savings flowing from these future space projects.

Dr. Debus, have we reached a major turning point in the space program?

Yes. We are at a turning point. The emphasis now will be more and more on the useful application of scientific findings. We are at the point of opening up space accessibility. We will use this accessibility to develop

You're looking down into the crew quarters of a training model of Skylab's orbital workshop, the nation's first space laboratory, to be launched in mid-May. Scientists will spend weeks in space conducting experiments in Skylab. This model is at the Marshall Space Flight Center in Alabama.

Have



Skylab sits atop the Saturn V rocket that will launch it into orbit around the earth. A better understanding of the requirements of a permanent space platform is one goal of Skylab.



the tools that we will need to solve our future problems.

I believe that mankind simply cannot otherwise solve its problems of the next 20 or 30 years connected with increasing population and the conservation of energy.

We are identifying existing sources of energy from space now. Soon other sources of energy will have to be developed. And here again space tools will help solve that problem.

Some urge that less money be spent for space and more for solving social problems here on earth. They think of technology as a dirty word. Do you see a danger in this kind of thinking?

Yes, I do. The human resources programs—which is the term commonly used for the problems of welfare and health and well-being—couldn't be carried on without technology.

Technology is not causing our problems today. If a national decision

were to be made to stop the advance of technology, our living standards would start to slide rapidly.

Are you saying that technology is tied directly to our standard of living?

Absolutely. Increasing technology is the cause of our high standard of living.

What field of technology has gained the most from space exploration?

Perhaps the computer field, which has had a very vital role in the space program. It has given us a technological lead in the world, and our balance of payments has been helped through the export of computers.

Another is the field of sensing—sensors used from orbit—as well as guidance technology, propulsion, supersonic and hypersonic aerodynamics, titanium technology. The list is long.

What will be of most direct interest to

Have

New Goals in Space *continued*

industry in the experiments that will be done aboard Skylab?

In Skylab at zero gravity, we will have new ways of making known things, like creating perfectly round metal spheres for ball bearings, for example. A laboratory in earth's orbit will be able to create a ball so perfect that its surface is unround only in terms of molecular size. Near perfect spheres could reduce the friction coefficient in ball bearings, for instance.

Or we could make new things, new substances and materials. For example, we could create foam in molten steel. The liquid metal would settle out in earth's gravity. But in orbit at zero gravity, it would stay a foam. You let it freeze and you have a new very light, strong material—steel foam.

Or we could create new crystals, let crystals grow in orbit. We know that gravity causes distortions in growing crystals. For instance, semiconductors are needed in large quantities for the new microelectronics such as transistors. These could be produced cheaply.

Skylab has a manufacturing apparatus in it for these experiments. It will have a variety of instruments that will move us toward more application of findings. We will be able to better detect forest fires and threats to harvests and crops, too. We have other unmanned equipment doing it now.

What future problem is space exploration most likely to solve?

Well, one of our main problems is going to be procuring enough energy and conserving resources. We really should begin, for instance, to develop systems for reprocessing water—a closed loop—so that a minimum of energy would be used. Each new housing complex eventually should employ a system so that water would be reprocessed and reused.

We are using up all our resources. We are not replenishing our water. We are not replenishing our energy. We take it from the earth and we are wasting it away.

Energy is already a problem, and it is going to become more so. We take from our earth the energy that was deposited over millions and millions of years by the sun—all fossil

fuels—and we're using up these resources at a frightening rate.

That must lead to catastrophic depletion of resources, unless we look on earth as being like a space ship, and realize that we cannot keep on doing what we are doing. The major results of space exploration may be a recognition that earth is a space ship that carries a limited amount of resources.

Do you mean that one day we will have to recycle everything?

We will eventually, or we will have to create it new.

The "space ship" concept implies cooperation by those on board—the nations of the world, doesn't it?

It will require very strong international cooperation. If we stop putting nuclear waste in the ocean, it won't help unless the Russians also stop. What we do affects others; what others do affects us. And global communications enable us to look into China's living room and they into ours. We are all in a very precarious relationship on our shrinking globe.

So that is another thing space exploration is doing. It is forcing inter-

national cooperation. It will require open societies. It has enormous sociological consequences.

What will be the consequences for business?

I think more and more businesses, even small businesses, will have to think in more international terms. The marketplace has become international. Look at the Common Market. The questions of where and what to invest are becoming international.

What space is also doing is opening satellites up fully for commercial use. Commercial satellites will be launched by anyone who wants one up there: a company, a large farmer, a university, anyone who wants to see more or reach more people. The business world will go into orbit, you might say.

What will the space shuttle bring us?

The shuttle is going to bring economy.

It will be the first reusable space vehicle. It will make space flight routine and efficient. It will be able to reenter the earth's atmosphere in controlled flight and land on earth on a conventional runway. The shuttle



This is a model of the space shuttle vehicle, shown with the two reusable rockets and the big expendable fuel tank that will help boost the shuttle into orbit. The fuel tank will later be jettisoned into the sea, but without the two rockets that have been landed by parachute for use again.

not only will be capable of placing satellites in orbit but will be able to bring back satellites that have something wrong with them.

Costs will be lowered tremendously. The shuttle will be experiencing less rigorous launches than satellite-carrying rockets, so the cost of building satellites will be reduced because less vibration on launch means less expensive design.

This cost factor may be reduced by 50 per cent.

Significant savings will also result in cost per pound carried into orbit. Present cost ranges from \$600 to \$1,700.

But the shuttle will reduce the cost to \$160 per pound.

The shuttle will make inexpensive the full exploitation of space technology.

As director of the Space Center, managing thousands of people of various skills and temperaments, you are a kind of supermanager, aren't you?

No. I never considered myself that way. Just a plumber.

Well, do you have a philosophy of managing?

I don't know. Not consciously. I try to analyze all situations, and I think I have developed a reasonable judgment of people. So I know pretty well what problems should be treated by what persons. And I have learned to depend on the judgment of these people.

I believe in making a person proud of what he is doing.

Ever since the first launch, I have been asked: "Who really pushes that launch button?" I say: "Nobody; a team is responsible, everybody on that team." Actually a machine pushes the button. But I have tried to make people aware of the importance of their roles. And I believe they should have a reasonable chance to see the results of what they are doing. I think managing mainly takes common sense. —TAIT TRUSSELL

Some Spin-Offs From Space

No one knows the extent of future pay-out resulting from space exploration. But already, the scientific and technological benefits have been manifold. Here, with no attempt to be all-inclusive, are some examples:

Miniaturization techniques developed in space exploration made possible the electronic heart pacer, which, implanted in the chest, keeps the heart beating properly.

Radio monitoring systems in a number of hospitals transmit patient data to a computer. The techniques were first used on Apollo astronauts.

Doctors wearing surgical garments first developed for space research can prevent infection typical in long-exposure surgery.

Space-developed sensitive infrared detectors are being used in the early spotting of cancer.

A television camera built to lo-

cate hydrogen leaks in rocket engines will help geologists find oil deposits from orbit.

Airline pilots have a new navigational aid based on equipment that gave Apollo astronauts the power to pinpoint their position in space.

An insulation technique developed for space use can now be used for well casings to assure long-life pipeline performance and cut pollution risk from leakage.

Energy absorbers developed for space use are being used by several states for highway guard rails. They can reduce impact so that it is as if a crash were at five miles an hour rather than 60.

Fire departments are using fireproof material created for the space program for firemen's protective garments.

Lightweight plastics for space use have cut in half the weight of some railroad tank cars. END

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Let Our Highway Program Do Its Job

BY SEN. JENNINGS RANDOLPH
(D.-W. VA.)

The chairman of the Senate Public Works Committee argues that raiding the Highway Trust Fund in behalf of rail transit projects would throw up an unwarranted roadblock to completion of the Interstate System

Early in this century, Americans committed themselves to motor vehicles as their principal form of transportation. What started out as a simple flirtation with a new toy became an intense and lasting love affair.

A desire for convenient, personalized transportation, the American genius for mass production and our rising affluence have made us the most heavily motorized country in the world.

We have more than 115 million cars, buses and trucks—about one for

every two people. Our economy could not function without motor vehicles.

While the federal government had long had a role in helping states provide roads to handle the increasing number of vehicles, World War II brought recognition that we needed a nationwide network of high speed but safe superhighways.

In 1956, we embarked on a new era of modern highway construction with passage of the Federal Aid Highway Act—under which we began construction of the Interstate Highway System.

A companion revenue bill created the Highway Trust Fund as the mechanism for financing most federal highway programs, including 90 per cent of the cost of the Interstate System.

Under the Trust Fund, those who use the highways pay for them. By earmarking gasoline taxes and other highway-related revenues, Congress made sure that substantial sums would be available for orderly highway development.

Over 81 per cent of this system of American freeways is now open to traffic and it has stimulated a virtual revolution in travel habits. While the interstate network represents only 1 per cent of all road mileage in the country, it carries nearly 20 per cent of the traffic.

The benefits we have realized from the Interstate System in terms of the economy, safety and recreation are apparent and well-documented.

Despite these achievements, the highway program has become a subject of intense debate.

One of the most conspicuous and most controversial issues of that debate is whether the Highway Trust Fund's resources should be made available for construction of subway or other rail mass transit systems.

Congress faces that issue as it considers legislation to extend the federal aid program, which covers not only the Interstate System but nearly a million miles of other roads. [A bill passed by the Senate in March, and now pending in the House, carried an amendment to allow use of Trust Fund revenues for rail mass transit. The amendment was opposed by the Public Works Committee, which Sen. Randolph heads. The Senate vote was much closer than one last year on the same proposal—which did not then get to a House vote.]

A basic consideration that must be remembered is that we must complete the Interstate System.

This is not merely an argument advanced by one side in the debate. It is a commitment by Congress to the people of the United States, and must be fulfilled.

Much necessary road construction would be impaired if we allowed diversion of Highway Trust Fund money to rail mass transit.

I call attention to some of the points raised by those who favor this diversion.

• Population.

It is argued that, because 70 per cent of the people of this country live in urban areas, rail mass transit would benefit a substantial majority.

The fact is that only certain metropolitan areas, which have about 25 per cent of the total population, would benefit from any rail mass transit. In the vast majority of American communities, mass transit is provided by buses.

• Finances.

One frequent argument is that the Highway Trust Fund has substantial amounts of surplus dollars that could be shifted to rail mass transit.

But every dollar available to the



Highway Trust Fund—and more—will be needed to complete the Interstate System.

Under present law, the Fund will expire in 1977, unless Congress acts by 1976 to continue it in its present or revised form, while completion of the Interstate System is not now expected before 1982. If the Fund expires in 1977, the money that has been paid into it will not be enough to finance the completion, and the deficit will have to be met from other sources.

The Highway Trust Fund is not a bottomless well of money. Furthermore, dollars from it are apportioned to the states and urban areas under formulas. This means that no single community would be eligible for an amount of money for rail transit that would be really significant—when we consider how much it costs to build such a system. The cost of the Metro system under construction in the nation's capital is estimated at \$2.9 billion.

• Supporters of the Interstate System oppose mass transit.

I have cosponsored and supported every mass transit program that has come before Congress, including the Senate-approved \$3 billion authorization on March 13.

In addition, it has been my position, one supported by the Public Works Committee, that highway funds can properly be used to encourage and support public transportation that is related to highway use. As a result, we have programs under which highway funds are available for construction of bus lanes, for fringe parking and for shelters for passengers awaiting buses. And the Committee approved again this year a proposal under which the funds could be used for buying buses.

So providing Trust Fund money to

rail transit actually would impair our ability to improve bus transit, as well as to improve roads.

Over the past generation, we have neglected public transport in our urban areas until today it verges on collapse in some places. Several hundred communities have already lost their public transportation altogether.

But it is extremely important to remember that the needs are great in both highway construction and mass transit. We should not sacrifice one program to help the other.

Increased funding for urban mass transit has been provided and if more is needed, it should be authorized.

No serious supporter of mass transit really wants to stop the highway program entirely, just as no realistic supporter of road building believes there is no place for other forms of transportation.

The real problem is devising a system under which both highways and rail transit are adequately and securely funded.

Remember that 81-plus per cent of the Interstate System is open to traffic—and another 10 per cent is under contract. This is the wrong time to start thinking about raiding the Trust Fund that has made this progress possible.

• The need for federal highway funds will begin to recede with completion of the Interstate System.

Road needs will continue in varying degrees far into the future. In fact, the Secretary of Transportation's "1972 National Highway Needs Report" estimated construction needs for all roads and streets in the country between 1970 and 1990 at \$600 billion.

Some states have emphasized construction of interstate routes since that program was begun in 1956, and other highway construction has more

or less been in limbo. So we have had a deterioration of existing roads in many areas and those roads are going to have to be rebuilt.

Instead of the present system of 90 per cent federal money for interstate roads and a 50 per cent federal share (70 per cent after July 1) for other federally aided road projects, we should have a single formula based on a 70 per cent federal contribution.

• Public support for road building has lagged in recent years.

This is another of the fallacies that have been raised in this argument about highways vs. mass transit. Exactly the opposite is true. The fact is that more people are driving more cars more miles than ever before. Does anyone really think they don't want good roads?

Look at my state, West Virginia. The people there are far more enthusiastic about a good highway program than they were 10 years ago. They know what good roads are doing to help them. Industries have come in; children can travel easily to excellent, consolidated high schools in their areas; people can travel more easily than in the past for business and recreation. The same is true for nearly all the other states.

There is also the safety aspect. The death rate on interstate highways is nearly half that on other types of roads.

Of course, some people would go so far as to recommend government edicts to tell people that they cannot drive into certain places at certain times. Maybe this could be done in some countries which do not have our tradition of freedom. But the American people would not tolerate it.

What must be done is to try in every realistic way to meet our transportation needs.

END

The Wrong Ways to Fire an Executive

If the boss is skillful at getting rid of a surplus manager, he can forestall a lot of damage—both to the company and to the man whom he dismisses

Most senior executives are skilled at selecting management talent. How well they handle their responsibilities depends in part on their ability to surround themselves with able people. Few top executives, on the other hand, have equal skill at firing subordinates who don't produce.

Yet, sooner or later, every head man finds himself faced with the problem of letting go one or more executives who have ceased to be assets.

The cost of hiring or promoting the wrong man to a key position is well recognized. The cost of keeping him there is equally high, but is likely to be ignored.

Senior officers don't like firing people any more than their subordinates do. But unless a chief executive sets the example, his subordinates will probably keep deadwood on the payroll all the way down the line. Likewise, how an executive is fired can set a pattern for the entire company.

There are ways to do it that can turn it into a constructive executive decision. But let's look at how not to do it. Here are the four most common mistakes made in firing people:

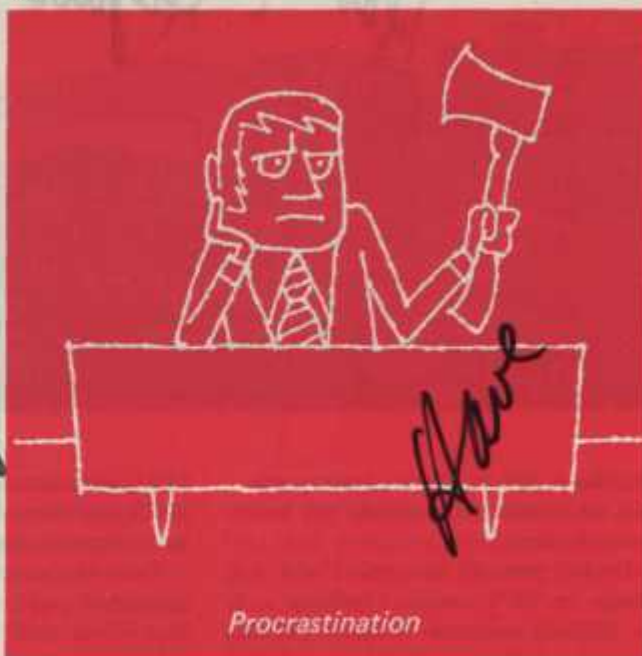
1. Simple procrastination.

The company, its management and the individual all lose when an inevitable dismissal is postponed. An example is the man in his early 50s who considered himself in line for the presidency of a large electronics company. Most of the company's executives thought the same. But the board felt differently. He was passed over in favor of a younger executive with less seniority.

From that point on the older executive's morale and efficiency began to sag. But he was kept on and continued to draw a high salary and fringe benefits for

THOMAS B. HUBBARD, author of this article, is president of THinc, a consulting group that pioneered the concept of "executive-out placement"—getting a new job for a surplus executive.

DRAWING: CHARLES A. DORR



five more years. By then his authority was whittled down until his only remaining function was to preside over a committee of the board. At that point, suffering from physical and emotional problems, he was let out.

Five years earlier, he would have had an excellent chance to land another good job. By the time he was fired he was on the verge of a nervous breakdown.

The five years' delay had cost him not only mental anguish, but his market value as an executive.

2. Lack of planning.

Firing skillfully, like hiring, requires thought and preparation. Properly planned, a dismissal can benefit everyone involved.

Here are two cases, one that illustrates good planning, the other bad.

In the first, the owner-manager of a fast-growing company sold out to a large conglomerate. He had built his business through a highly centralized style of management. It wasn't long before officers of the conglomerate, who favored decentralized management, realized that a clash was inevitable. With outside guidance, the conglomerate's president carefully put together a termination interview, a financial package, and help in getting a new job.

When told of this decision, the former owner-manager responded with genuine relief. He was well aware of the friction and was glad to leave an unhappy environment with dignity.

The second case involves an executive who had done well in what had been a decentralized company. But when the company shifted to a more centralized form of management, he ran into trouble with his boss. One evening, the conflict reached a climax in the corporation's hotel suite at an industry convention. Minutes before a large group of customers arrived for cocktails, the company president told the executive he was fired.

The executive's reaction was violent. He remained at the party, had several drinks and in a short time dam-



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The Truck People from General Motors

The Wrong Ways to Fire an Executive *continued*



aged a reputation he had built up through years of service in the industry.

He was through as an executive.

3. Failure to communicate.

This is, in many ways, the most baffling mistake that senior executives make when they let a subordinate go. Frequently, communication is so inept that the man being fired doesn't know he was.

Often, the executive doing the firing is more ill at ease than the man being dismissed. So he tends to put the matter as tactfully as he can. The occasion is rife for misunderstanding, especially since studies indicate that even the most poised individual, shocked to hear that he has been dismissed, will retain less than 40 per cent of what he was told when his boss broke the news.

As an example, take the case of a vice president of research who had been told by his boss to "start looking around." Six months later he was still on the payroll and appeared to have made no moves to get off. It was discovered that the chief executive's wishes had been stated in pretty vague terms. Furthermore, hoping to get the last ounce of mileage out of his research executive, the boss kept handing him one special assignment after another.

Naturally, the vice president figured he could keep this game going forever and thereby protect his pension and other deferred incentives.

4. Offering him too much severance pay.

A liberal allowance may solve the boss' conscience, but it does a disservice to the company and the man fired.

Nearly all executives awarded long-term severance pay face a serious psychological problem. Like patients

who have undergone surgery, the sooner they get back on their feet the better. But a generous severance allowance tends to encourage them to postpone that decision.

Boredom, depression and alcoholism often await the executive who decides just to sit back for a while and take it easy. In other instances, it may lead him to a risky gamble on a new career.

Take the executive whose entire corporate experience was in labor relations. His company let him go during the profit squeeze of 1969. Granted an extravagant severance allowance, he decided to go into business for himself as a corporate mergers-and-acquisitions broker.

His timing was bad and his credentials worse. The odds against his success in that dismal year were 1,000 to 1. After months of failure and frustration, he accepted in desperation a job considerably below the level for which his experience qualified him.

Why do senior officers continue to repeat the four most common mistakes in terminating executives?

Partly, of course, because firing people is an unpleasant task. But a more important reason is that many executives haven't accepted one fact of corporate life: Namely, that in the fast-changing world of professional management, firing is as normal a part of business life as recruitment and hiring.

The way to do it successfully is keep it short and sweet. END

REPRINTS of "The Wrong Ways to Fire an Executive" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20006. Price: One to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.



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Alexander Calder Jr. of Union Camp Corp.

Building on the land

"Calder, why do you get so uptight over something you've been doing over and over again? You know you can do it. You must be some kind of nut."

This little lecture isn't from one production line worker to another in this era of concern over blue collar blues. It's delivered inside the choicest executive suite at Union Camp Corp., a diversified forest products company with sales of more than \$600 million a year.

The man who delivers it, and his audience, are one and the same: Alexander Calder Jr., chairman and chief executive officer of Union Camp. Its subject: Speechmaking.

"I don't improve the situation even by talking to myself like this," says Mr. Calder. "I simply can't be comfortable for a week before I have to make a speech."

Making speeches is about the only thing the 56-year-old Dartmouth and Harvard Business School graduate doesn't like about his job. He'd much rather be doing than talking. And he

has indeed done rather a lot of doing.

He joined Union Bag and Paper Corp., a company his father headed, in 1940. After Pearl Harbor, he left to work for the Board of Economic Warfare for a year, and then spent three years in the Navy as a supply officer (handing out a million dollars a month for a group of tiny infantry landing craft). One cruiser and 12 of his LCI's made up the "fleet" which occupied Shanghai after the Japanese surrender.

After the war, he rejoined the company. He became president in 1956, the year Union Bag merged with Camp Manufacturing Co., and chief executive officer in 1960, when his father retired. He added the title of chairman last year.

From being strictly a pulp and paper operation, his firm has plunged into mining, land development, handyman building products stores, home construction, chemicals and plastics.

All of these are areas in which, he says, "the company uses the skills we

know or understand." More importantly, it uses 1.6 million acres of timber land in the Southeast—most of it acquired by Union Bag in the '30s and '40s—as a solid base for diversification.

During "Sox" Calder's 17 years at the top management level, sales have more than quadrupled. Last year's total of \$601,611,000 was a 16 per cent increase over 1971. In the same period, net earnings rose 49 per cent to \$38,816,000.

Mr. Calder started a decade ago to look for ways to diversify his company, which dates back to 1861 when Union Bag was formed with bag machinery and big, brown paper grocery bags as its principal products.

"Bags are still big with us," he says, "but there's been a change. The major users way back were the Mom and Pop grocery stores. Then along came the supermarkets. We've had to change, too."

A self-styled "competitive guy" who thinks "if you don't have some fun out of what you're doing, there's

Alexander Calder Jr.

continued

something wrong," Mr. Calder says he never felt any pressure to join the business. "It was my choice," he says. His own son is a teacher by preference. He also has a married daughter, whose husband, too, does not work for Union Camp.

A bug on exercise ("I like to keep moving!"), he makes good use of an exercise room at company headquarters as well as getting out on golf courses, playing paddle tennis and swimming.

He and his wife live "just 16 minutes away" from Union Camp's modern headquarters in Wayne, N.J. The wooded setting is a far cry from Manhattan's old Woolworth Building, where the company was headquartered until three and a half years ago.

Mr. Calder is a firm believer in not getting caught short—especially in management. He likes a strong "bench," with a potential replacement for every key position. His board of directors earlier this year accepted his suggestion that he shed one of his hats, and Samuel M. Kinney Jr. was tabbed for Union Camp's presidency.

In this interview with a NATION'S BUSINESS editor, Mr. Calder talks about his company and himself.

You're supposed to be a terror on the golf course. True?

Only when I flub one off the tee. But I do love to play.

How good are you?

Well, I was 38 before I won my first club championship and then I had to find an easier course. My father and younger brothers all won tournaments before I did. You know, my dad never played golf until he was 35.

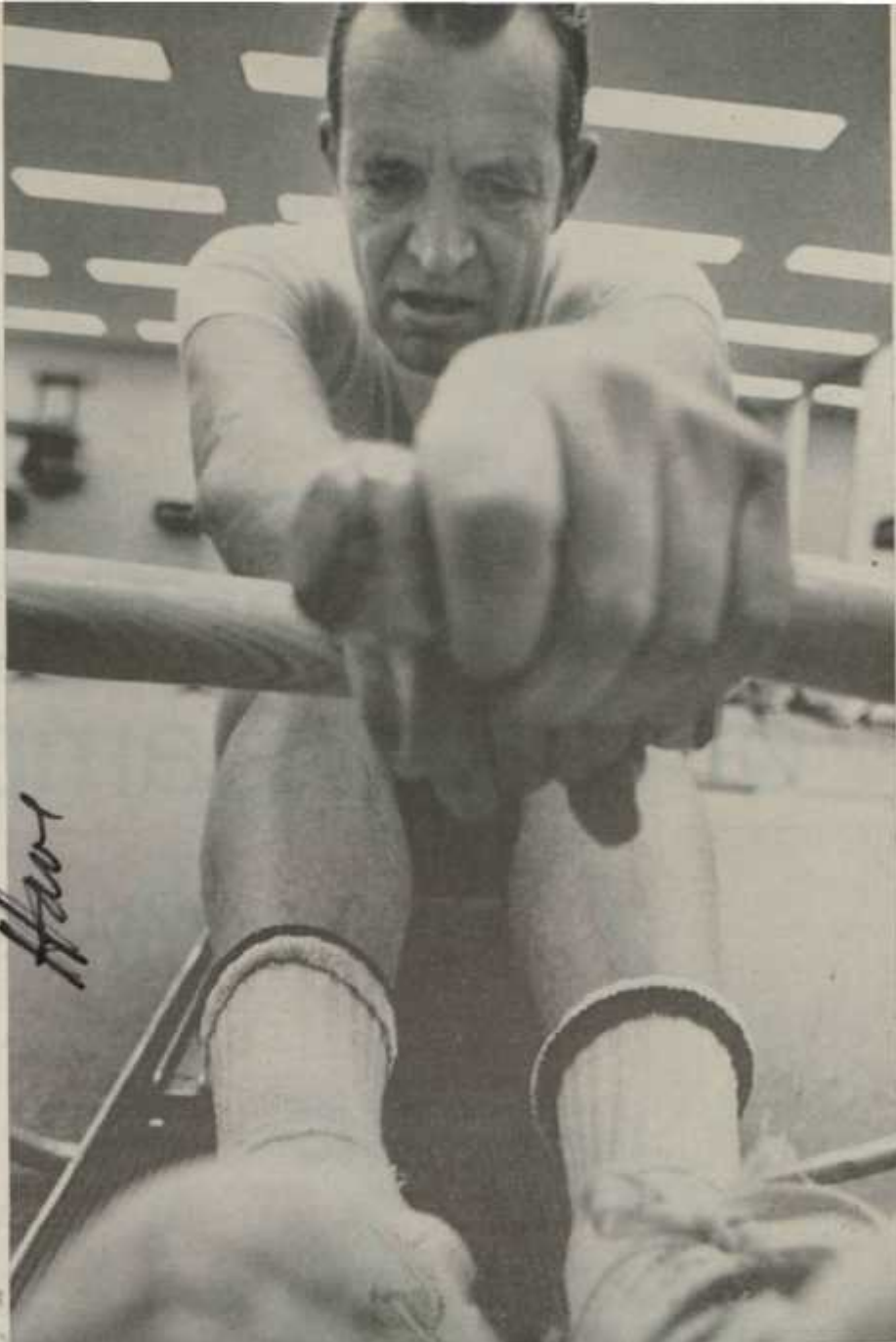
Then he got down to a four handicap and won the Cherry Valley club championship.

Dad made it compulsory for the boys to play, and this was fine. It gave us a lot of time to spend with our father.

I always used to get licked by my brothers.

Any other hobbies?

I guess I'm the kinetic type. I like to be doing something.



A rowing machine in the company gym helps keep Union Camp's chief executive fit.

I swim every day and I play paddle tennis.

What about reading for pleasure?

I have to read so much to just stay abreast of what I need to know on the job that I save up my nonbusiness reading and do it all in a couple of weeks on vacation at Dorado Beach in Puerto Rico every year. I go through a book or two a day.

Do you have a system for your business reading?

A sort of two-pile system. On day

to day matters, my secretary does a great job of screening. She puts everything she knows I'm going to read in one pile and then makes another pile of "maybe" stuff. Then I have to make a decision on what to read in that second pile.

How about travel?

I really don't like it.

This is the inevitable question. Are you any relation to the sculptor, Alexander Calder?

No. We get our mail mixed up oc-

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Lessons of Leadership: Alexander Calder Jr. *continued*

casional, and once I was invited to speak to a luncheon for people like Salvador Dali. I knew a mistake had been made there.

How did you get the nickname, Sox?

I had an aunt who, before I was born, was always knitting for the expected baby and when Dad saw me for the first time, he's supposed to have said: 'Why there's old Sox.' The name had a functional use, since Alexanders are always called Sandy and there already was one of those—my father.

You left the company to go with the Board of Economic Warfare early in World War II, didn't you?

Yes. It really was sort of one way to go into service. I wasn't very high on the draft list as our daughter was born before Pearl Harbor, and at that time I was sort of sensitive about my legacy—you know, as the son of the company president.

Did that legacy make you try harder?

Sure. When I first started with the company, I'd hesitate to leave early, no matter for what good reason. But putting in three years in the Navy—as I did after leaving the Board of Economic Warfare—changes your perspective, and I didn't worry more than 30 seconds about that when I came back.

What did you do in the Navy?

I was mostly in the Pacific, as a supply officer for a flotilla of LCT's. Along with a cruiser, they occupied Shanghai.

Any vivid service memories?

Oh, sure. Some of them funny, some of them not. I think I'll always remember seeing every single morning a Chinese boat with a tow line carrying bodies out to sea to get rid of people who had died overnight in the streets of Shanghai. Something like that shakes you up.

Your brothers worked for the company for a while, didn't they?

Yes. They left because they didn't like it too well. Stan is a broker, now. He served as treasurer for the company, but decided he'd rather be in business for himself. Fred was in edu-

cational films for a while and is now interested in land development.

From what you've said, you obviously grew up in a close-knit family.

I think so. My father was a hell of an individualist. He was four times as competitive as I am, a real tiger. So there was a lot of competition in the family. But it was close-knit. Combative, but close.

Why did Union Bag merge with Camp in 1956?

Basically, we were a packaging company and when we built the mill at Savannah, Ga.—it's our largest—in the late '30s, we also got into producing boxes. As packaging became fancier, we had to buy white paper and board and it became clear we needed our own source of supply. Frankly, the costs of building a complete new facility were discouraging. The other alternative was to acquire a company.

About this time, the Camp family was worried about having all its financial eggs in one basket. We talked to them for a couple of years and decided they were the best answer for us. And they decided the same thing about us.

After the war, you went into the personnel department. Is this a good route to the top?

I think it is. Every managerial job feels the effects of personnel work now more than it did 20 or 30 years ago. I thought for myself at the time it would be a good place to get a "people view" of the company. I even took a course in interviewing techniques. Some of the people at our 25-year club dinners today are people I hired.

How much hiring do you still personally do?

On the top jobs, I always get into the act. I like to get an idea as to the type of person we have coming into the company. I'm interested in whether he's a technician or a generalist.

You mean you want both types?

Definitely. Now, it doesn't upset me to hire someone who just wants to be an accountant, for example. You need accountants and other spe-

cial skills. But if you just have people who want to do one thing, you're in trouble.

You need balance—people who are good at their skills but who can get their minds involved in other areas. You can sit in a meeting and see guys who really get involved in solving problems. Sam Kinney, our president, was one of these. He came to us as a lawyer but he aspired to general management; he made it understood that he just didn't want to stay in law.

Do you keep a mental check list of people who are promotable?

Definitely. You know, Hugh Camp, our former chairman, used to say every once in a while: "Let's kill off a few people and then decide who's going to move up." So we would—hypothetically, of course. It gave us a good reading on our bench strength in management.

Since 1956, when you were elected president of Union Camp, sales have quadrupled. Was there a blueprint for this?

No, we've never said we're going to be an X-million-dollar sales company in X years. Profit per share is more important than sales, and focus is the biggest responsibility of management.

What were you focusing on?

I suppose it was the conclusion that we shouldn't always come up with the decision as to *when* to build the next machine, but rather *whether* we should do something else instead. About 10 years ago we started an evolution into new business. One of the triggers was the cyclical nature of the paper industry, plus the tremendous capital investment of any new mill expansion—\$50 million and up.

Where did you start in this diversification?

From our land base, the 1.6 million acres we own in the Southeast. We made the decision not to try to encompass 360 degrees in looking for diversification. We said: "We don't want to compete with IBM, for goodness sake, so obviously we won't look at an electronics company. We have

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Lessons of Leadership: Alexander Calder Jr. *continued*

no skills in their area and they are too tough anyway."

Our titanium operations, our real estate business, the building products business, the wood-product chemical business, all of this has been based on the land.

You wanted to stick to areas where you had some skills.

Yes. The titanium thing for instance. We had 6,000 acres with a very rich deposit under them.

We had known about this for a long time, and titanium production was a natural. We found a partner to take care of the market for us, American Cyanamid.

But we looked at quite a few things and nixed them because we looked around the table and not one of us felt capable of taking on certain projects.

You might say: "O.K., go buy management." But if you are in an area that you don't know a thing about, how do you know you are buying good management?

But weren't your handyman stores—a high-risk type of retailing—an essentially different area for you?

They sure were, and we soul-searched on that one. But there was some link, because we're in the building products business and among the big things that sell through these stores are lumber and plywood. And there was one other thing. The stores we acquired were in the Southeast. We knew the Southeast. We had land and factories and employees there. If the stores had been in Oregon, I don't think we'd have done it. But I'm glad we did, because our retailing business is an expanding area.

What else are you looking into?

A lot of things. We have other facets of our land base that we believe we can turn into earnings on just the mineral side. We are getting pretty close to a kaolin business with a partner.

Of course, our I-95 interchange complexes are pretty exciting. These are going to be oases in Georgia and South Carolina for travelers on the Maine-to-Florida Interstate. There are going to be six of them. With motels, golf courses, things like that.

We could have just sold the land, but we'd rather have it producing income.

You mentioned the cyclical nature of the paper industry. What does this do to operations?

It causes headaches. I don't think it is as bad today as in the past, simply because the industry is running just about at capacity. This is a competitive business. You know, the price of liner board just last year got back to where it was in 1955.

With inflation, how did the industry survive on such a cost ratio?

It survived by paying for increased costs out of profits. And it's a high cash flow industry.

With the cost of land what it is today, the fact that your company put together a huge land block years ago makes it look pretty smart, doesn't it?

It does, in terms of stockholders' values. But I'm hesitant about bowing and saying: "Yes, we're smart as hell."

A security analyst told me after I spoke to a group of analysts: "You brag about all this land you bought cheap. That's great. I understand it's on the books for \$50 million and it's worth maybe \$350 million. But what good does it do me?"

I thought a minute and said: "Gee, what the hell good does it do you?"

What he was saying was that if we don't sell it, which we don't intend to do, it isn't coming through the income stream and it doesn't increase his dividend. And since the stock market watches earnings, if it doesn't come into the income stream, it doesn't do the stock price very much good.

But we bought this land as a hedge, to give us some raw material. And this land base is one of the main bases for our diversification efforts. It's beginning to pay off. As a steadily growing and appreciating standing inventory of our basic raw material, it is on the threshold of paying off a lot more.

You recently gave some of it away, didn't you?

Well, 50,000 acres that we owned in Virginia's Dismal Swamp. We gave it to The Nature Conservancy



In scores of meetings like this around a small conference table in "Sox" Calder's office, the key decisions affecting the big forest products corporation are made by top executives.

who in turn have transferred it to the Department of the Interior for preservation as a national wildlife refuge. We like to think that all our land holdings will be applied to the highest possible end use. And the historic significance of the Dismal Swamp makes it something that should be retained for everyone's enjoyment, now and in the future.

About one third of your business is nonpaper. Is that the proper balance with your paper sales?

I don't have any strong feeling about a given percentage in sales balances. I think the paper industry will continue to grow—maybe not spectacularly, but with a beautiful steadiness. And I think all the other businesses we are in will grow, too.

You said profit per share was more important than sales. There has been a lot of debate in the past few years over the merits of the profit system.

Sure, but I happen to think if the emphasis on profits as a measure of where to put capital is replaced, it's got to be replaced by something else. And I haven't heard of anything better. Profits are a pretty good common denominator in the assignment of capital. I can't believe a massive government bureaucracy can do it better.

What's your feeling on business's social accountability?

You have to have social responsibility, and I believe in it. You know, we caught hell from Ralph Nader for supposedly lousing up the Savannah River, which he says used to be a

water-skiing haven and now is not fit for anything.

That doesn't happen to be true because it wasn't a very good water sports river in the first place. It was and still is an important harbor. But whatever it was, we have to be accountable to the citizens of Savannah.

Yours is one of the most environmentally intensive industries going, isn't it?

Yes, we use an awful lot of water, and we have the odor problem because of the sulfur.

Have you come in for a lot of criticism over this?

We've been clobbered. But I think the emphasis on environment was timely. We just hadn't paid enough attention to it. I think it did a lot of things that were necessary and then it got over into some degree of hysteria.

You have a conference table in your office. Do you hold many meetings?

Oh, Lord, yes. Usually it's pretty much the same group—our president and three executive vice presidents—but we bring in anybody else who has any particular input to make on a question and then we all attack it. We have people who look at a problem fairly objectively. And I don't mean we all end up in a love feast and agree 100 per cent, but 95 per cent of the time we do end up with agreement. Maybe the only differences are degrees of enthusiasm about the decision.

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Lessons of Leadership: Alexander Calder Jr. *continued*

No, not after I'm convinced it is the right one.

But on the hard ones, very often I will say:

"O.K., this is where we are today, but none of us seem too happy with it. Let's sleep on it and come back and see if we feel the same way tomorrow."

I don't go home specifically to think about it, but I really do. It's like you're trying to think of a name and suddenly it comes to you while you're shaving. Often, we come back and say: "Hey, we didn't think of this or this!" And we take another crack at it.

Any decisions you wish you hadn't made?

I'm sure there are plenty. But one of the things all of us in this kind of work have to do is do our damndest to make a decision, but once it's made go on with it.

When my dad was teaching us to play golf, he told us that if Bobby Jones got an eight on one hole, he would walk up to the next hole and never think about that eight. And that's hard to do. If you keep stewing about what you've done, it dilutes your ability to get on to the next problem.

How do you operate your company?

We have divisions and we let them run themselves in a day to day operating sense. We keep operating budget and capital expenditure control. And if there's a question of pricing that the mill wants to do and it affects other divisions, I have to get into the act. We budget a certain income for the division, and an important part of the pay of the key guys in each division is determined by the degree to which these goals are met.

You mean incentive pay? How far down do you go?

We go pretty far down. I think the criterion, really, is the extent to which an individual, wherever he may be in the structure, can affect profits by his action.

As a chief executive officer, is there one thing you're most proud of having accomplished?

Well, yes there is. It's going to sound trite and I really hate to sound trite. But, a lot of security houses that have sent men here to write up the company have said ours is one of the best management groups in our industry. I think this has been the most important part of my job, helping build this management group.

It goes back to having bench strength. If I were run over by a truck tomorrow, this company could sail right along without losing a beat. I think the day of the one-man head of a company is long gone. Oh, you have to have the buck stop somewhere, but you have a management group that's capable of doing any job.

Do you think it's a good idea for an executive to have other interests than just his job?

Absolutely. And the guy who tries to make points by saying he hasn't had a vacation in five years is a jerk. He gets minus points, as far as I'm concerned.

The "you-can't-get-anywhere-unless-you-stay-until-seven-o'clock" syndrome used to be common in business. I believe this has always been a facade and that's the way it's treated today.

Hell, you know who works and is really concerned and who's just putting in time.

Looking back at your life so far, is there anything in particular that you would do differently?

I can think of a whole lot of things that I have worried about that never turned out to be worth worrying about. But that's really too philosophical, because that's talking about changing me—and I'm afraid it's too late to make important progress on that. **END**

REPRINTS of "Lessons of Leadership: Part XCV—Alexander Calder Jr. of Union Camp Corp." may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20006. Price: One to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.

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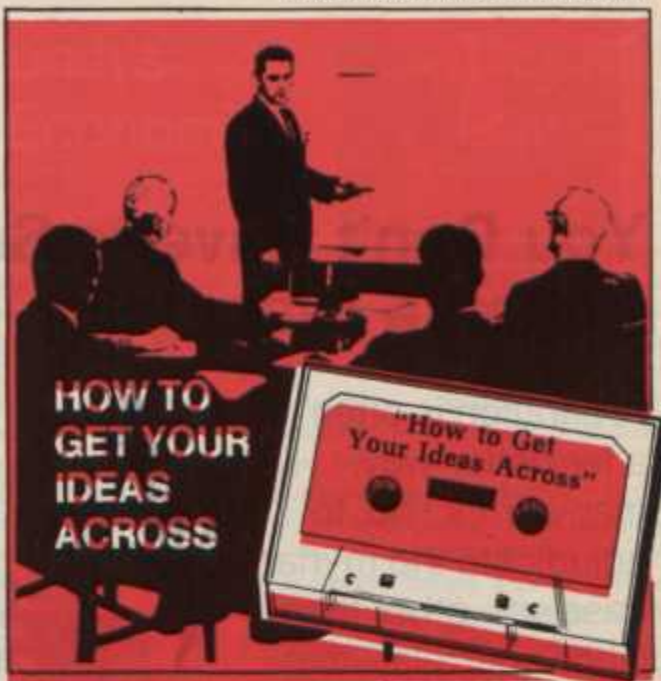
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Arbitration is often a far better way, many firms find, to adjudicate the myriad hassles—other than labor quarrels—that may arise in business

The dispute started when the dealer in alligator skins came to see the purchasing agent of the handbag company.

"I know you'll be in the market for alligator skins next year," he said. "I have a large supply on hand. The market is slow now. You can buy them at a saving."

After talking it over with company executives, the purchasing agent agreed to the deal. But there was a storage problem, and he decided to have the bulk of the shipment sent to his handbag company some months later when the skins would be needed for production.

In the following months, the purchasing agent congratulated himself on the deal. Alligator was popular that year, but when he told the dealer to ship the rest of the skins there was bad news.

"I was getting ready to ship those skins to you," the dealer reported, "but I noticed that the burlap covers were stained. That's a sure sign of mildew. I'm afraid I'll have to give you a refund and sell the merchandise as seconds."

"You'll do no such thing," shot back the purchasing agent. "We made a deal at the price you quoted. I don't believe there's anything wrong with those skins. You just want to sell them at a higher price



ILLUSTRATION: JOHN HEINTZ

Mag. sent
4-3-73

now that there's a demand for them."

Both sides in the dispute were adamant. Neither would give in or compromise.

What to do?

Go to court? That might prove costly and time-consuming.

The company lawyer then suggested the dispute be settled by arbitration.

"Arbitration," the company president exclaimed. "How would that work?"

A few weeks later, three arbitrators, one of whom was an expert in reptile skins, ruled that the sale was irrevocable and the skins the property of the buyer. But in accepting delivery under those conditions, the handbag company was waiving its right to protest later if the merchandise proved to be mildewed, the arbitrators ruled.

Both sides accepted.

Except for the fact that it's the buyer who usually will complain of shipment defects, the case is typical of the thousands in the files of the American Arbitration Association.

Arbitration to most businessmen means labor arbitration, when a disinterested third party enters a labor dispute to investigate and make a final decision which is usually binding with no appeal. But increasingly, arbitration is being used in commercial disputes (like the alligator skins case), accident claims, international trade disagreements and in the resolution of conflicts on university campuses, in public employment and in racial and other community disputes.

Many law firms specialize in arbitration. Some trade associations have their own arbitration machinery. And the federal government is in the field with the Federal Mediation and Conciliation Service.

But no group surpasses the American Arbitration Association in its record of advancing the knowledge and use of voluntary arbitration to settle disputes.

The AAA was founded by a group of New York City businessmen and lawyers in 1926 as an educational

institution to promote the use of arbitration to settle disputes.

It is a public service, nonprofit organization headquartered in New York City with 21 branch offices throughout the country. While the AAA does not itself arbitrate disputes, it does provide panels of arbitrators and the facilities for conducting arbitration: Administrative services, hearing rooms and orderly procedures—according to clearly defined rules and standards.

"It's the modern, efficient way of settling disputes," comments Robert Coulson, president of the AAA.

Shifting case load

Arbitration was used sparingly before the 1930s, but it was the industrial turmoil of those years that moved it into widespread acceptance, as trade unions and collective bargaining became a permanent part of U.S. industrial relations. Arbitration got a further boost during World War II when it was used to smooth out industrial disputes and keep war production humming.

It grew steadily. But over the years the case load has shifted from predominantly labor-management arbitration into other areas, including commercial arbitration. In 1959, 70 per cent of the AAA's 3,999 cases involved labor arbitration. By 1972 the case load had increased six-fold to 24,347 of which only 7,567 involved labor disputes.

Commercial arbitration has shown one of the strongest growth rates during the last 10 years. In 1972, the AAA handled 3,087 cases involving business disputes, up from 674 in 1959.

Many factors contributed to the growth of business or commercial arbitration. For one thing, business is becoming more complicated. Buying, selling, leasing, building, hiring, licensing—all contain opportunities for misunderstandings, mistakes and differences of opinion. Each act in business carries the seeds of dispute.

Businessmen, lawyers and judges recognize the courts aren't the ideal

place to thrash out such disputes. Chief Justice Warren Burger told an AAA gathering in 1968 (he was a U.S. Court of Appeals judge at that time): "An appellate judge learns very quickly . . . that a large part of all litigation in the courts is an exercise in futility and frustration. . . . The anomaly is that there are better ways of resolving private disputes, and we must in the public interest move toward taking a large volume of private conflicts out of the courts and into the channels of arbitration."

The AAA's Mr. Coulson says of the benefits of arbitration:

"A businessman feels he needs the expertise he won't get in court. He can go into arbitration at his convenience. We believe it to be cheaper than court. It's more informal and there's little duplication or waste of time."

Six advantages of arbitration

Indeed, the AAA lists these six major advantages of commercial arbitration when it comes to unwrinking business disputes.

1. Arbitration is often the speediest way.

Congested court calendars may delay trying a case for years. Difficult enough for a large firm, such slowness could mean financial disaster for a small company.

One example of swift settlement involved a chemical corporation that supplied another company with equipment and processing methods for producing cleaning compounds. The licensee branched out to manufacture items similar to those covered by the agreement between the two firms.

The licensor believed royalties should be paid for the new products. The licensee disagreed.

A panel of three arbitrators, with expertise in the field, took less than two months to decide exactly which products were subject to royalty payments.

2. Arbitration is not only quicker, but cheaper.

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voluntarily without charge, and lawyers spend less time on an arbitration than in a court action, so their fees are usually smaller. Sometimes the expense of expert witnesses can be avoided, as the arbitrator is ordinarily a specialist in the field of the dispute.

However, there are fees involved in commercial arbitration. The AAA charges for its services on a sliding scale which is in proportion to the claim. Sometimes the parties agree in advance how to split the fee. More often, the arbitrators decide how the fee will be paid, either by the loser or proportionately by both parties. An average fee figure is hard to estimate since case settlements range from a few hundred to millions of dollars.

3. Businessmen will get an expert's opinion during an arbitration case.

All of the more than 13,000 commercial arbitrators with the AAA are recognized experts in a business or profession. They are top executives and professional men who contribute their services as their duty to the business community.

In court, a company takes a chance on the degree of objectivity and expertise that will be brought to bear on a case. A jury may be more influenced by colorful oratory than by facts, but intimate knowledge of a field makes arbitrators less likely to be swayed by it, the AAA says.

Perhaps the late Judge Learned Hand put the expertise argument best when he stated: "In trade disputes, one of the chief advantages of arbitration is that the arbitrators can be chosen who are familiar with the practices and customs of the calling, and with just such matters as what are current prices, what is merchantable quality, what are the terms of sale and the like."

4. A business can insure privacy in arbitration.

The proceedings are not a matter of public record. Hearings are closed and awards aren't made public. An accusation against a company, justified or not, will not smear the corporate image or damage the public reputation of a company officer.

One case from AAA files where privacy was very important involved a manufacturing company of excellent reputation that sold \$350,000

worth of component parts to another firm. Several contracts were involved. The buyer met the monthly bills for a time, then ceased payments. The manufacturer demanded arbitration, claiming breach of contract. The other company charged the contracts had been obtained by fraud.

Such a charge could do irreparable damage to a company if made public in a court proceeding. As it turned out, the arbitrators found no substantiation for the charge of fraud and awarded the case to the manufacturer.

5. Arbitration is a quasi-judicial proceeding with the arbitrator's approach grounded in commercial law.

He is not bound by the strict rules of evidence that prevail in court. Arbitrators can hear every argument, review every bit of evidence that will help them decide a case. They can ask questions to clarify issues.

Such a nonlegalistic approach is useful in cases that involve human relationships in business. "Courts aren't suitable for many kinds of disputes," Mr. Coulson points out.

6. The arbitration process works to promote goodwill in a dispute.

The informal atmosphere gives parties a chance to talk it out and relieve the tension. Often the settlement is a compromise, with both sides giving some ground. The "all or nothing" atmosphere of a court action is quite different. An arbitration, unlike a court action, will allow a long-term business relationship to continue.

"It is possible to misuse arbitration by trying to turn it into a system that is just as prolonged and expensive as litigation," says Mr. Coulson in a book he has written, "How to Stay Out of Court." He comments: "The potential weakness of arbitration is that it's a human system, human error enters in. It can be loaded up with costs, briefs, transcripts and other unnecessary material."

But the basic concept is a sensible, practical idea, he believes.

"I think most businessmen buy the idea," he says, "that you will do better in the long run with a rational and reasonable way to settle disputes." **END**



This Month's Guest Economist

John F. O'Leary Jr.
Director of Research
Insurance Co. of North America

Watching Those Indicators

The proclamation by a noted economist that "there ain't gonna be no recession"—just as the 1969-70 downturn set in—may be regarded less as an example of failure in economic forecasting than as a brute reminder that business cycles are ever to be reckoned with.

Insurance companies with sophisticated research departments do not lose sight of this, but during the euphoric 1960s, when the tendency was to look at trends and conclude that one good year deserved another, the study of cyclical patterns received less than rapt attention.

That the world has again turned is evident. The growing prosperity of economic consulting firms attests to the current high value set on cyclical analysis.

Can businessmen benefit from the fallout?

The insurance industry's experience suggests they can. The businessman who takes a close look at cycles will do a better planning job—be it elaborate or on the back of an envelope.

The insurance business derives its premiums from a pool of insurable assets so closely linked with the economy that a general downturn for two consecutive years invariably heralds a downturn in insurance during the third year.

Multiple-line companies also are aware that even though the economy's trend is strongly upward over the long haul, fluctuations in various segments of it can mean boom or bust years in affected lines and products.

Attuned to these changes, large companies can shift manpower, revise budgets, beef up advertising and take other measures to cushion soft spots and go where the business is. The single-line or specialty company that fails to foresee the fluctuation or can't adjust to other lines will suffer.

Economic indicators are classified as leading indicators, lagging indicators and coincidental indicators, depending on whether they precede or follow general business downturns and upswings. Among leading indicators are the average workweek, lay-offs, housing starts and corporate profits. Lagging indicators include plant and equipment spending, consumer installment debt, manufacturers' inventories and bank interest rates. Coincidental indicators include employment in non-agricultural establishments, bank debts outside New York City, retail sales, et al.

Looking at indicators is analogous to taking your temperature when you feel out of sorts. If the thermometer shows you have a fever, you know something is wrong and you're not just having an off day. Similarly, when you feel uneasy about your business, a check of the indicators can confirm or deny your feelings.

Insurance companies find that the level of accuracy of economic forecasting is higher in the short run when cyclical patterns are weighed than if trends alone are relied upon.

Trend analysis may achieve 8 or 9 per cent accuracy; cyclical analysis frequently comes within 2 per cent.

Perhaps the most important quality of a statistical indicator is consistency in its behavior in relation to business cycles. Needless to say, none conform all the time. When the National Bureau of Economic Research studied 487 of them in 1938, 71 were picked as "tolerably consistent," and these were winnowed down to the 21 "most trustworthy."

After World War II, the Bureau studied how the 21 had performed in three complete cycles—and it was obvious that by studying the whole picture rather than a few of the indicators, the position of the economy in

the business cycle at any given time became clearer.

The need was to make it still clearer, and the list of indicators was revised in 1960. Additional revisions were made as research techniques and equipment became more sophisticated. "Diffusion indexes" were devised to discount aberrations and random movements within a group of specific indicators.

The fastest moving developments in today's forecasting are in the "science" of econometrics. Origins of econometrics date back to the 1930s, but significant advances were delayed until computers became available to do the onerous calculating involved. Econometrics emphasizes the statistical analysis of previous experience and translates economic relationships into mathematical form.

Most economists use econometrics extensively, but caution against its limitations—since equations used must still depend on human judgment. Nevertheless, econometrics represents a major advance in techniques of forecasting.

With more data and more refined variables to work with, both short- and long-term forecasting has become increasingly reliable. For 1973 the trend is upward for the economy as a whole, with various segments and companies fated to experience boom or bust years. Cyclical analysis will help to identify them.

Studying fluctuations around trends broadens insights into the overall picture and sharpens a businessman's view of his own segment of the economy. But keep in mind, if most or all of the leading indicators are moving up or down together, it is more than likely that other segments of the economy will follow. Awareness of this can be the key to making the most of a boom or avoiding a bust.

DYNAMIC GROWTH COMPANIES

Southwire

Making wire for
the world

Have



PHOTO: LUTHER, ATLANTA

As a boy, Roy Richards chopped cotton, ran a mule plow and worked in his father's sawmill.

He worked his way through Georgia Tech and then, just before World War II, he started a small firm which mounted poles, strung rural electric lines and put up small power distribution systems.

Home from the wars, Roy Richards was anything but wealthy. Single, he lived with his mother in a modest house in his home town of Carrollton, a little community in western Georgia on the road between Atlanta and Birmingham. He intended marrying only when he felt he could afford it.

Still in the electrical business, he lived on 10 per cent of his income, saving the rest. He put the money to good use, launching Southwire Co., a perfect example of a growth firm.

Today, at 60, Roy Richards is worth \$50 million if he's worth a cent. He's married, the father of seven children, and lives in one of the finest homes in the South.

Twenty-six hundred people work for his company in many American communities and elsewhere in the free world. Carrollton is still its headquarters and although Southwire has



Southwire Co. has 36 fully computerized warehouses in the United States. Its salesmen sell the wire, then personally see to it that the right wire is selected from stock and sent to the customer. National Steel Corp. has a minority interest in the company, the result of a joint venture with Southwire in an aluminum reduction plant in Ohio. Only 180 others own stock in the company; its boss owns about 62 per cent. The company's assets, almost nil 25 years ago, now include plants worth \$300 million—the latest is a \$34 million copper refinery at its headquarters in Georgia.

Mrs. sent 4 3:73

George Dempsy is the man to see for a businessman in Los Angeles.

Roy Richards went against tradition and the advice of his friends when he decided to locate his wire-making firm in his home town. Few workers in Carrollton, Ga., had ever even been inside a manufacturing plant before he hired them.

Alice

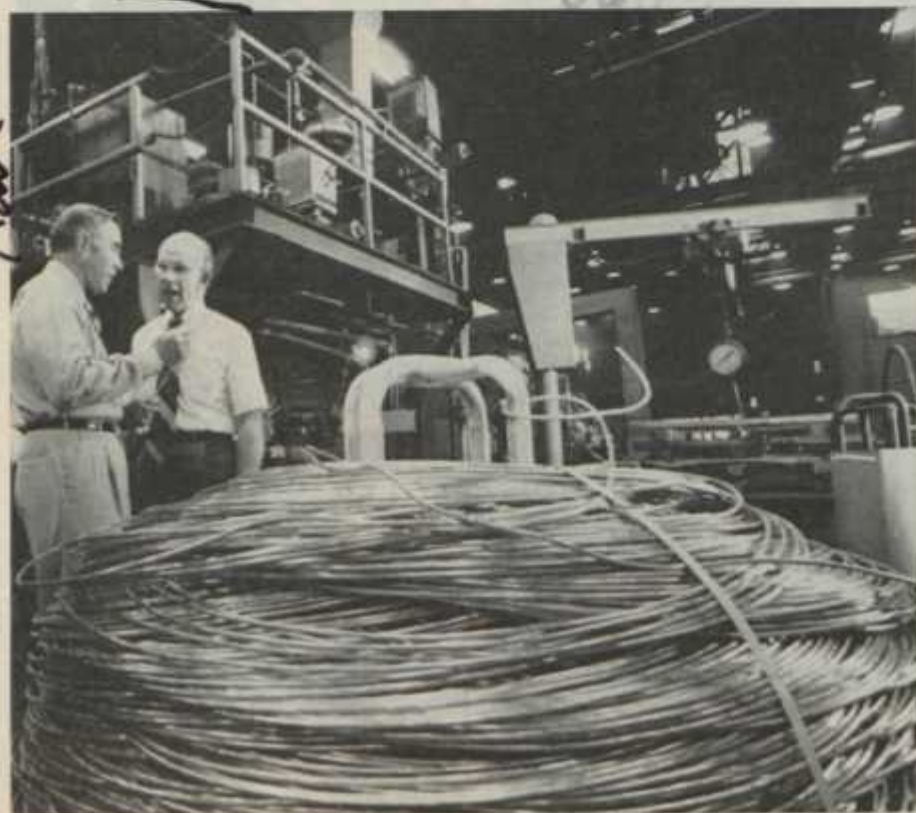


Roy and Alice Richards ride with their children almost daily. Roy also works with his boys in their personal metal and woodworking shop, and the entire family, except the infant, takes trips to Europe together.



Southwire gives pride of accomplishment to its workers. Men who operate the machine which puts a plastic coating on wire have their names stamped as a seal of approval on every foot of wire that goes out while they oversee the work.

Eighteen huge machines, designed by Mr. Richards (left) and associates for production of aluminum and copper cable, have been sold by sales manager Jim Griffin (right) and his men to customers in eight countries.



grown mightily, the town is still not exactly bustling.

Mr. Richards and his associates are joint developers of an exclusive process for turning out—nonstop—miles upon miles of rolled aluminum and copper for the transmission of electricity.

Southwire makes just about every other kind of wire and cable, too. And its products have such high standing in the industry that a fourth of its output is sold to competitors.

What's more, several of Southwire's processes—plants and machinery it has designed—are installed in competitors' shops.

Gross sales are \$200 million yearly, up from \$100 million in 1969 and \$25 million in 1963. In 1950, sales were just about nothing.

Mr. Richards insists that "the best thing we do is get along with our people." But it's more likely that the best things Southwire does are get along with people—and make quality wire in enormous quantities. **END**

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Hodgson Houses found a home... and then another.

Modular and mobile home builder is adding a plant in Pennsylvania.

Hodgson Houses, the nation's oldest continuous manufacturer of factory-built housing, has been famous since 1892 for advanced technology. And when they went on a plant site hunt, they put some very sophisticated evaluation techniques to work. But in the end, the decision to expand in Pennsylvania all boiled down to several key, common-sense factors. Here is what Hodgson Houses Senior Vice President, Robert B. Friedman has to say about why his company chose Pennsylvania.

Labor:

"Pennsylvania is well known for its highly competent and motivated labor force. That was a key factor in putting our first plant in Berwick. The positive work habits of Pennsylvanians as exhibited by our work force in Berwick was a big plus in our decision to put another plant in Lewistown.

Community Cooperation:

"The Community of Berwick and its leadership have worked hard for us. And in Lewistown, the cooperation has been superb. It has been a

delight to have worked with such business oriented and cooperative leaders.

Financing:

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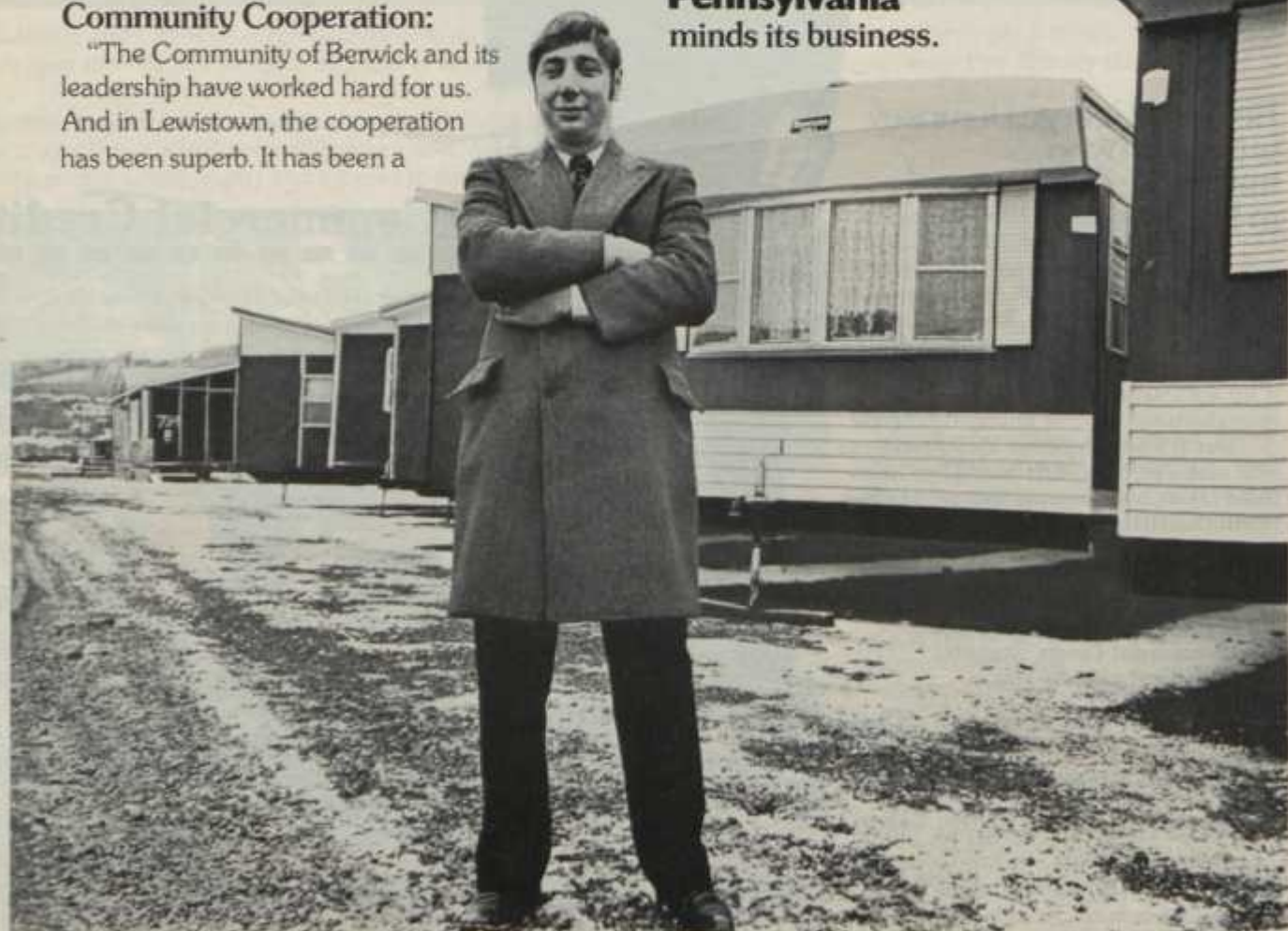
Red Tape.

In Pennsylvania there isn't any:

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Ten Top Civil Servants Win Career Awards

Outer space . . . the Alaska tundra . . . conquering disease . . . the remote kingdom of Nepal.

Those are among the areas of interest of 10 federal employees named 1973 winners of the National Civil Service League's Career Service Awards given to spotlight achievements in government service.

Recipients of awards "For Sustained Excellence" are:

Paul G. Dembling, general counsel, General Accounting Office, for his role in drafting legislation that created the National Aeronautics and Space Administration.

Robert E. Hollingsworth, general manager, Atomic Energy Commission, who supervised transition to an equal role for peacetime use of atomic energy.

Carol C. Laise, ambassador to Nepal, only woman Foreign Service career minister.

Charlotte Tuttle Lloyd, assistant general counsel, Treasury Department, for interpretations protecting government and individual rights.

Dr. George M. Low, deputy administrator, NASA, for contributions to solving reentry problems, notably in connection with Apollo program.

Herbert Roback, staff director, House Committee on Government Operations, in connection with Executive branch reorganization.

Dr. John F. Sherman, deputy director, NIH, for programs to conquer human disease.

Recipients "For Special Achievement":

Dr. David A. Brew, U.S. Geological Survey, for an environmental statement on the Alaska pipeline.

Dr. George R. Carruthers, Naval Research Laboratory, for development of a new class of optical instruments and discoveries with them.

Edward F. Preston, assistant commissioner, stabilization, Internal Revenue Service, for development and administration of the Economic Stabilization Program. **END**

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Devaluation: A Booster for Electrical Products

The electrical products manufacturing industry, which has been facing the prospect of losing its favorable balance of trade, may be saved by the bell.

In this case, the bell is the recent devaluation of the dollar. Before the devaluation, industry analysts were privately admitting "it could go either way" on exports. Now they are cautiously optimistic.

Ten years ago U.S. exports of electrical products were valued at \$1.7 billion, offset by imports of \$400 million. Through 1970 the industry maintained a favorable balance of \$1 billion a year or more, but in 1971 it slipped to \$600 million and in 1972 to \$400 million.

Prior to the last devaluation of the dollar, the National Electrical Manufacturers Association estimated the total value of exports would grow to \$4.1 billion this year. However imports are expected to climb more steeply to around \$4 billion.

Bernard H. Falk, president of NEMA, estimates total shipments—foreign and U.S.—of some \$56 billion this year, a 7.3 per cent increase over 1972.

Should this annual growth continue through 1974, the industry will have nearly doubled its dollar value of shipments in a decade.

The major factor influencing the dwindling trade balance is consumer electronics. This year the U.S. is expected to export \$674 million worth, while importing \$1.874 billion.

The rivalry in foreign markets is no less intense. Because of Japanese competition, says the Electronic Industries Association, U.S. color television tube exports to the United Kingdom dropped from 58,100 units

in 1970 to 20,800 in 1971. This past year U.S. sales jumped to around 100,000 units, a dramatic reversal which came after the first devaluation of the U.S. dollar and upward evaluation of the yen.

A turnaround was also experienced in West Germany. In 1970 the U.S. exported 221,500 TV tubes to that market, but only 58,400 in 1971. Last year U.S. exports climbed back to 109,000 units.

One encouraging sign is the production of semiconductors, solid state devices that have largely replaced vacuum tubes in consumer, industrial and communications equipment. The worldwide semiconductor market is now about \$2.6 billion.

"For the first time in several years," say Texas Instruments, Inc., officials, "the U.S. portion of the semiconductor market has grown faster than that of the rest of the world."

To achieve greater productivity, the industry continues to bank heavily on research and development.

A survey by the National Science Foundation in 1971, the latest available, shows the industry topping all other durable goods industries in the amount of company money spent on product R&D—\$2.23 billion that year. Comparatively, the rest of the machinery industry was investing \$1.49 billion; aircraft and missile, \$1.01 billion; motor vehicles and other transportation equipment, \$1.46 billion.

The Commerce Department's Bureau of Economic Analysis estimates the industry will invest \$2.46 billion for new plants and equipment in 1973, an 8.5 per cent increase over last year.

END

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A three-man crew, operating one R-5 Randustrial® Roof Spray Kit, will cover up to 35,000 square feet of roof surface in one day. The same crew, hand brushing, would cover a possible 5,000 square feet in one day.

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Can They Clamp a Lid on Spending?

State and local governments are under great pressure to curb spending and taxes, an expert says, but the most he foresees is a slowdown, not a halt

Bowing to taxpayer pressure, state and local governments are starting to hold the line on spending, says President George Kinnear of the National Association of Tax Administrators.

In a sense, Mr. Kinnear adds, this taxpayer sentiment also is reflected in President Nixon's efforts to cut Congressional spending.

"I believe the voters have spoken loudly to their elected officials," he says, "to take all reasonable steps to tighten administration of government, eliminate inefficiency and generally avoid reckless spending."

"State and local governments and their legislatures in most states are under pressure to hold the line on spending, and they are going to shy away from major new programs."

In an interview with NATION'S BUSINESS, Mr. Kinnear predicts only modest state tax increases over the next two years, because of this public pressure.

Some state officials, he says, are clearly responding to it. He cites Gov. Dan Evans of his home state of Washington as an example. Gov. Evans has assured voters there that he will not propose—or support—ad-

ditional taxes in the current legislative session.

The association Mr. Kinnear heads includes the top tax officials of all 50 states. He is the director of the Department of Revenue of Washington State.

The group's principal objective is to improve the effectiveness of tax administration.

Mr. Kinnear's views should be of particular interest to businessmen who have watched the steady rise of local and state taxes, as well as federal levies, in recent years.

Here is what this expert sees on the state tax scene:

Are there factors other than public sentiment that affect the tax outlook?

Yes, I have also noticed a greater concern among public officials about the inflationary effect of higher government spending.

Another potential influence is the leveling off of school enrollments as the big baby boom of the post-World War II period passes through the school system. Shifts of population are offsetting this impact in many urban and suburban areas, but generally we can expect an easing of revenue pressures from education, particularly at the elementary and secondary levels. We can also expect public as-

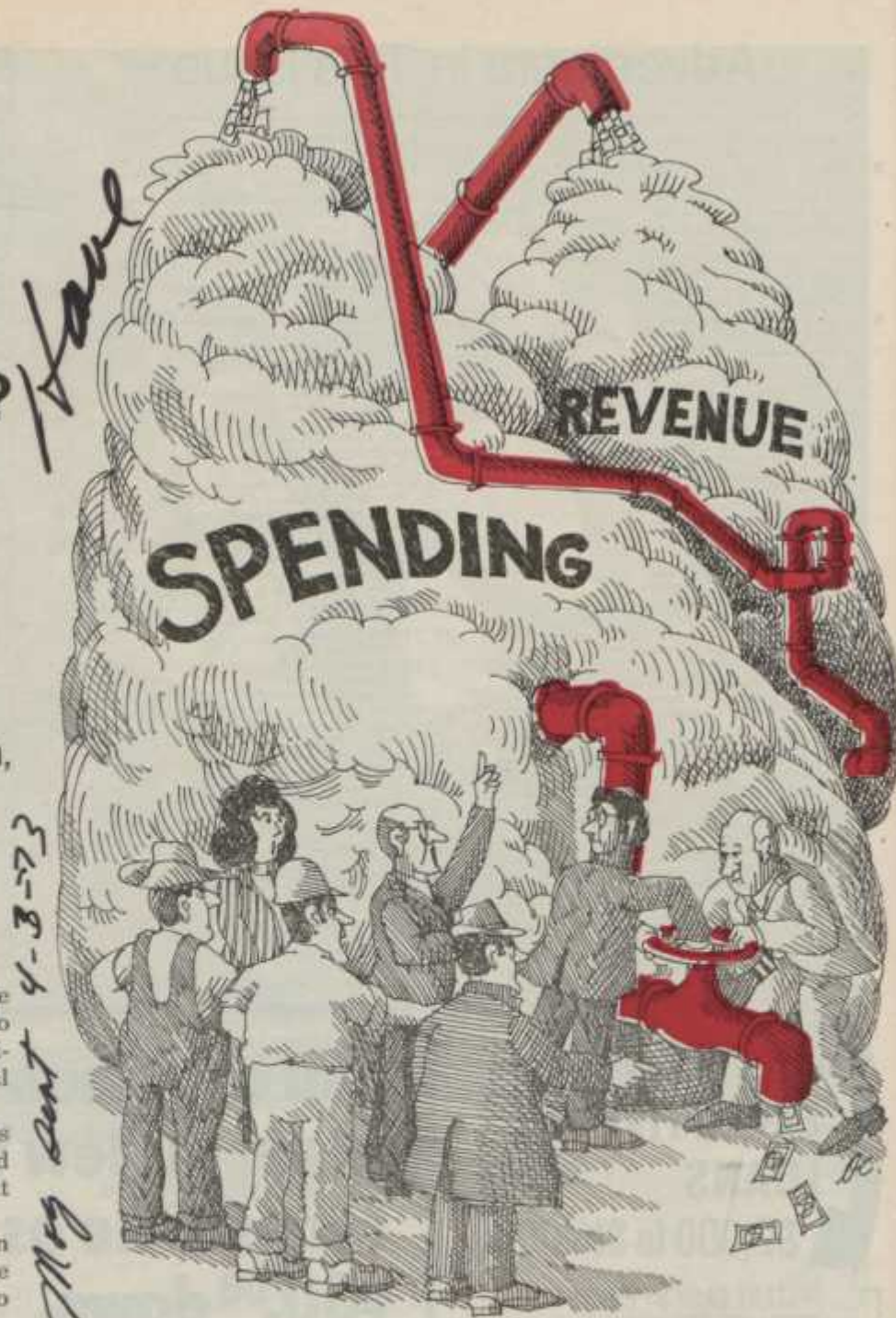


ILLUSTRATION BY BILL COLE

sistance case loads to level off, or decline, in response to the downward trend in birth rates and improving economic conditions.

That sounds encouraging. But is there another side to that picture?

Yes, we are going to be seeing some rather substantial changes, over the long run, in government activities and services. That means new pressures for increased spending.

I suspect that many of these changes will come about because more and more Americans devote fewer waking hours to work. Leisure time is increasing because of this and because of earlier retirement.

Thus, people will be pressing more and more for programs associated with their increased leisure time. Widespread demand for expanding recreational opportunities, which can mean some high-priced facilities, is an obvious example that is already with us. There is considerable evidence that expanded adult education might be another.

Other new factors will be demand for better and more extensive health care. Greater concern over the environment will place new fiscal demands on both government and private enterprise. The growth of public employee unions is beginning to have an effect on government costs as well as on program planning.

Any trends in specific types of taxes?

The major trend over the next few years will be lower property tax levies for public schools. Income and sales taxes will pick up the slack.

As a result, state governments will pay a greater share of the tab for education. Selective sales taxes on cigarettes, liquor and gasoline will remain high. States with low tax rates will move them up closer to the rates in neighboring states.

States which have no sales or income tax now will be using both by the end of this decade. It's almost unanimous now: 46 states have a sales tax and 40 levy an income tax.

I also expect greater reliance by state and local governments on user fees. Thus, certain programs and fa-

cilities will be financed by charging fees to the people who use them, rather than supporting them out of general tax revenues.

Any other trends?

Yes, greater pressures on central cities to levy so-called commuter taxes on wages of nonresidents who work in the cities. The central cities provide basic elements essential to the public's health and safety. The greatest benefactors are often suburbanites who earn better-than-average salaries in town, yet pay little or no personal taxes there.

Wouldn't this mean competition among state and local governments over who's going to get tax dollars?

We have it already. Qualified authorities say that we have a more than adequate tax base in this country to support government at all levels. But our present intergovernmental fiscal structure cannot allocate support to the lower governmental levels in an efficient manner.

The federal government has the most growth-responsive revenues, while state and local governments have the most rapidly growing expenditure requirements.

Washington also has a great advantage because the larger a government's territorial dimensions, the less concern it has that taxpayers will move to escape taxes. Also its opportunities to benefit from the economies of large-scale operations are greater.

The relation between state and local revenues and the development of an efficient, coordinated tax structure is a subject that has been too long ignored. It calls for emergency consideration. Our system of federalism requires vitality and efficiency at all levels of government, and this requires well-planned coordination.

Will federal revenue-sharing provide major financial relief to states and localities?

Its impact on state and local governments could be considerably less than is implied by the concept.

The general revenue-sharing plan now in operation shifts to the fed-

eral government the job of raising roughly 6 per cent of present state and local revenues. This share will become relatively smaller as state budgets increase.

Furthermore, Congress has not set up a fiscal structure intended to last forever. Revenue-sharing is a five-year plan that could easily be reshaped or even abolished.

Also there are complaints about the special revenue-sharing plan—now under consideration by Congress—being tied to reductions in other federal grants. Thus the net gain to states and localities would be less than the revenue-sharing grants themselves.

Any other drawbacks?

There is also the possibility that revenue-sharing will lead to higher federal taxes, because that's where the revenue comes from. In some states, the higher federal taxes may exceed the revenue-sharing payments they receive. Even where this is not the case, the net gain would still be reduced.

How will the grants be used?

It is hard to say what the long-run impact of revenue-sharing will be. But I can already see great pressures to use this money initially for property tax relief, either directly or indirectly through state assumption of a greater proportion of education costs.

But this still remains subject to legislative approval—and competition from the other countless demands for funds.

What do you think of letting the federal government collect the states' income taxes for them?

I am opposed to federal administration of state income taxes. If states turn over the job of tax collection to Washington, they could become mere agencies of the national government.

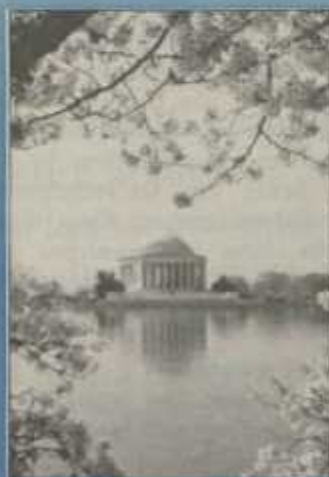
I am further convinced that many states, including my own, have more effective audit programs than the Internal Revenue Service does and could lose sizable revenues by giving up this responsibility. **END**

61st

*a photo
return to
Bob Mosley*

ANNUAL MEETING 4-29-5-1-1973

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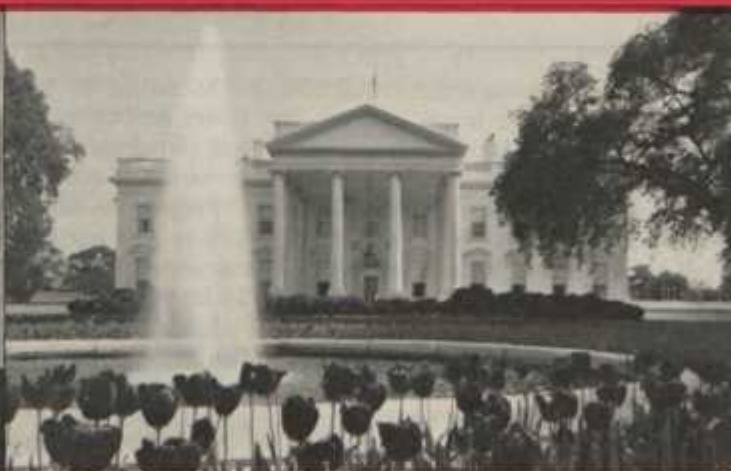
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BUSINESS

A LOOK AHEAD

BY GROVER HEIMAN
Associate Editor

AGRICULTURE

The upswing in demand for buckwheat is only a boomlet compared to the demand for other grains. But it has great growth potentials.

That's the estimate of the Department of Agriculture, which says the reason for the increase in demand is the swing toward natural foods and renewed interest in old-fashioned products.

The last U.S. buckwheat harvest survey was in 1969, a year that saw farmers reaping some 678,000 bushels from 39,000 acres. Since then demand has picked up and last year the U.S. imported 156,000 bushels from Canada to meet it.

So the Agriculture Department concludes that Americans are eating more buckwheat bread and pancakes these days. Positive in-

dications are such things as straight buckwheat flour and the reappearance of buckwheat cereals on grocery shelves.

Imports are likely to be the source for additional supplies of this grain if the demand continues. (About half of the annual yield goes for cattle feeding.) While yields of corn, wheat and oats per acre have gone up 100 per cent, 80 per cent and 70 per cent respectively over the past 20 years, buckwheat yield has remained at 17 to 20 bushels an acre. Thus, corn, wheat and oats are vastly better money crops.

Buckwheat, which is naturally cross-pollinated, has resisted the efforts of plant scientists to improve strains through experimental plant breeding.

CONSTRUCTION

After producing and shipping a record 600,000 units in 1972, the mobile home industry is looking for a further 10-15 per cent increase this year.

Industry experts, who talk confidently of producing one million units annually by 1976, are buoyed by assessments such as that recently given by the Federal Reserve Bank of Chicago.

"Mobile homes stand out as the most successful innovation in low-income housing in the past 20 years," a bank report said.

According to the Mobile Home Manufacturers Association, the cost of mobile homes has remained almost constant while on-site construction costs have risen sharply.

Pegging on-site home construction cost at \$15 to \$18 per square foot, the Association calculates that mobile homes cost between \$8.50 to \$10 per square foot.

Since the 1970 census more than one million mobile homes have been sold, raising the total occupied to around 3.3 million, housing approximately seven million Americans.

MANUFACTURING

After a minor fender-bender, many a car owner must have mused about how much cheaper repairs would be if cars were made of rubber.

Rubber industry experts think this dream may partially come true in 10 to 15 years, with the auto industry using roughly as much rubber and plastic as steel.

Thomas E. Salisbury, president of the Firestone Synthetic Rubber & Latex Co., predicts that current rubberized impact-absorbing bumper systems and grilles are just the start. By the 1980s, he envisions rubber and plastic-modified rubber being extensively used in doors, trunks, hoods, and other parts.

"Car doors will probably have steel frames

and rubber and plastic exteriors," he says. "We can make alloys which match steel for wear and are flexible enough to eliminate most damage problems, so it seems only logical that a consumer-conscious Detroit will move increasingly towards rubberized bodies, which will not rust."

Some 600 rubber components now go into an auto and the industry annually consumes more than two billion pounds of rubber, nearly all synthetic.

Costs may be the key factor in synthetic rubber's future with autos. Its production is dependent on availability of petroleum and natural gas as raw materials, and both are growing more costly and scarce.

CREDIT AND FINANCE

Credit unions may have their own central bank someday and swing considerable weight in financial circles.

Sen. John Sparkman (D.-Ala.) has introduced a bill to establish a National Credit Union Bank to improve the liquidity of these thrift institutions and add to their lending power in times of credit crunches.

Sen. Sparkman says such a bank is needed to "encourage the flow of credit to urban and rural areas in order to provide greater access

to consumer credit at reasonable interest rates. . . . The credit unions would have access to the nation's money markets to satisfy their loan demands over and above their supply."

The proposed bank would be authorized to sell debt securities in the open market and provide a service of interlending for credit unions.

The nation's credit unions had a record \$24.8 billion in assets in 1971.

MARKETING

Like the Wright Brothers, many U.S. bicycle manufacturers turned to other products, but the booming market for two-wheelers has caused a dramatic turnaround.

Industry analysts expect the sales boom to moderate somewhat, but to be robust for the next few years. U.S. manufacturers are boosting production by 15-20 per cent this year, providing retailers with a more stable supply of U.S.-made bikes.

This, the latest dollar devaluation, and rising inflation in countries abroad are factors expected to slow the tide of imports.

In 1972 an estimated four million bikes were imported into the U.S., reports the Bicycle Institute of America. Domestic produc-

tion was 8.5 million. This year domestic production is predicted to rise to around 9.8 million and imports to some 4.2 million.

And on the horizon is still another competitor, the Soviet Union. In February the Soviet Import Export Co. exhibited three-speed and 10-speed models at the Fourteenth International Cycle Show in New York. Also shown for the first time were a Russian motorcycle and a motor scooter.

The Russians claim they have a strong marketing point in the fact that "these cycles were specifically designed and constructed to handle the rugged terrain of the Soviet Union. They are markedly superior in strength and durability."

NATURAL RESOURCES

Expect better methods at the sawmill to counter the rising cost of lumber somewhat, and to conserve forest resources.

The U.S. Forest Service says improving the accuracy of sawing Southern pine logs alone would save enough wood each year to build more than 28,000 homes. The saving would be equal to 45 years of timber growth on 13,000 acres.

Thin kerf and high-strain saws are used by many sawmills now to get better accuracy. The thin kerf blades produce more lumber per log and less sawdust. High-strain saws put more pressure on the first cut, gaining a

much more accurate cut and reducing waste.

The Forest Service has produced a manual that sawmill owners can use to test their machinery and diagnose the causes of inaccurate sawing.

One of the newer and more promising developments is a portable sawmill called the Ecologizer, which is designed to turn three- and four-inch logs into usable lumber, especially two-by-fours.

Normally these smaller logs are converted to wood chips for pulp or left to rot on the forest floor, where they serve as homes for tree-destroying insects and disease.

TRANSPORTATION

A more flexible way to cut jet aircraft noise is being proposed by the Federal Aviation Administration.

In five years, FAA aims to have the entire fleet of an airline as quiet as the newer wide-bodied jets which have been certified since Dec. 1, 1969.

To do this FAA has proposed a program that would focus on fleets rather than individual aircraft.

It would apply to those fleets operating in interstate commerce, but not overseas.

The concept is a two-phase noise reduction program based on a complex factor involving the noise level generated by each engine and

the number of takeoffs and landings by each aircraft in a 90-day period.

After an FNL—fleet noise level—has been determined, the operators couldn't exceed it during any 90-day period. By July 1, 1976, the operator would have to cut in half the difference between his original FNL and that of a fleet composed of quiet Lockheed L-1011s, McDonnell Douglas DC-10s and the newer Boeing 747s.

If the timetable and requirements contained in the FAA's advance rule proposal are adopted, it would mean that all jets in the fleets would have to be as quiet as the newer aircraft by July 1, 1978.

Editorial **A Penny Saved . . .**

Not being lawyers, we can't judge the constitutional argument over the President's decision not to spend all the money Congress has appropriated.

The Constitution does seem to give Congress the clear right to appropriate the people's money. It exercises that right enthusiastically.

We've looked in vain, however, for any mention in the Constitution of who should save the people's money.

You'd think some of the Founding Fathers—Ben Franklin for example—would have provided for governmental thrift in some way.

It's a shame they didn't.



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